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University for Peace

University for Peace

Report of the Secretary-General

Summary

The University for Peace, the world's leading educational institution in the field of peace studies, is continuing its expansion as it pursues the mandate accorded to it by the General Assembly in 1980. It is successfully implementing a strategy of expanding enrolment through flexible innovation, new online programmes and use of affiliated institutions throughout the world. It has maintained a balanced budget for the past five years, the negative impact of the world economic downturn on student enrolment and financial donations notwithstanding.

Key developments during the period 2010-2012 include the donation of a second campus in Costa Rica, the launch of a full online master's degree programme, the introduction of regular Spanish-language courses and the opening of a doctoral programme. A United Nations Educational, Scientific and Cultural Organization Chair was established with the University and its on-campus partner, Earth Charter International. In addition, Earth Charter International constructed a new building on the campus, adding to the facilities available. The University opened a new centre in The Hague and a joint programme with the University of California, Berkeley, while the first students enrolled at the Asia-Pacific Centre in Seoul. New master's programmes were opened in responsible management and sustainable economic development; sustainable urban governance and peace; and sustainable peace through sport (the last-mentioned in conjunction with the International University of Monaco). In Geneva, the University initiated a popular training programme on disarmament and launched a new gender programme in cooperation with Cheikh Anta Diop University in Dakar. The University's respected capacity-building programmes in Africa, the Middle East and South Asia have produced peace studies programmes in 26 universities in those regions. Two countries, Monaco and the Republic of Korea, signed the Charter of the University, and others are considering doing so.

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The above achievements notwithstanding, the University faces challenges in financing its programmes and in achieving recognition of its status. Given that very few Member States have provided support to date, the institution must cut corners and defer needed improvements to remain within its limited budget. The world economic downturn has gravely harmed the ability of students to pursue their studies and has also affected the University. Member States can support the University by signing its Charter, contributing directly, sponsoring University capacity-building programmes or providing scholarships for their own citizens who are students.

I. Introduction

1. The University for Peace was established pursuant to General Assembly resolution 35/55 "with a clear determination to provide humanity with an international institution of higher education for peace and with the aim of promoting among all human beings the spirit of understanding, tolerance and peaceful coexistence, to stimulate cooperation among peoples and to help lessen obstacles and threats to world peace and progress, in keeping with the noble aspirations proclaimed in the Charter of the United Nations". It was invited to establish its main campus in Costa Rica, which has been its host country ever since.

2. Significant efforts have been made in the past 10 years to revitalize and extend the activities of the University. The present report, which is submitted to facilitate consideration by the General Assembly of the item entitled "University for Peace", pursuant to General Assembly resolution 64/83, contains a summary of the progress made by the University during the period 2010-2012 and highlights the challenges that it faces as a result of its rapid growth and lack of reliable funding.

3. The present report includes an overview of the main activities at the University's campus in Costa Rica and its affiliated institutions. It deals with the University's relations with other United Nations bodies and the host country, its financial situation and its development strategy. It describes the substantial progress made towards building high-quality education and training programmes, developing relationships with other institutions to reach as many interested students as possible, public relations and the University's determination to be self-sustaining on the basis of its earned income. It also describes the specific needs of the institution, principally the expansion and modernization of campus facilities, the regularization of international staff under the United Nations salary and retirement system, the establishment of regular funding and an endowment to stabilize the institution.

4. The University for Peace continues its efforts to strengthen cooperation with other institutions in the United Nations system, including through specific arrangements for internships by qualified University for Peace graduates, the use of United Nations officials as lecturers, training programmes, periods of residence at the University for interested officials and the possibility of using the University campus as a venue for United Nations events.

5. The General Assembly, in its resolution 64/83, noted with appreciation the vigorous actions taken by the Secretary-General to revitalize the University. The Assembly encouraged Member States, intergovernmental bodies, non-governmental organizations and interested individuals to provide financial support to the University, invited Member States to accede to the International Agreement for the Establishment of the University for Peace and requested the Secretary-General to consider ways to further strengthen cooperation between the United Nations and the University. Such support has become even more important as the University pursues partner agreements with other institutions in carrying out its mandate and establishes affiliated institutions in other countries. Thus, Member States, especially those that have never done so, are urged to recognize and provide support to the University and to support the establishment of subsidiary regional offices of the University and affiliated institutions when the University undertakes such initiatives.

II. University for Peace in 2012

A. Rodrigo Carazo campus, Costa Rica

6. At its main campus in Costa Rica, recently named in honour of the late former President of Costa Rica and founder of the University, Rodrigo Carazo Odio, the University has pursued its objectives of academic excellence and innovation in all subject areas relating to peace. Set out below are highlights of recent developments.

1. Master's programmes

7. The University continues to offer innovative master's programmes in areas related to peace studies, security and the environment. Currently, 11 master's programmes are offered at the main campus, including two new programmes developed on the basis of a worldwide interest in the subjects.

8. The first new programme, in response management and sustainable economic development, was designed to meet the need for ethical content in business and economics-related subjects, especially following the banking crises that began in 2009. The programme has proved extremely popular and clearly responds to a need felt by many students and their future employers. Thematically, the programme is linked to the Global Compact.

9. The second new programme, in sustainable urban governance and peace, was initiated in 2011 and is designed to tackle the broad issues associated with modern cities. The University's view is that the need for peace in urban areas falls well within its mandate and that, with more than 50 per cent of humanity now living in cities, it needed to include urban studies in its course offerings. This area of specialization is closely related to the work of the United Nations Human Settlements Programme.

10. The University's most important innovation over the past year has been the launch of its online master's programme in sustainable peace in the contemporary world, which can be taken in the form of individual courses or as a full master's degree. It is a fully interactive online programme, which uses resident and visiting University academic staff as professors. It has immediately proved popular and the University foresees a steady expansion in enrolment and in the range of courses offered. The programme plays a significant role in the University's mission of outreach to students and professionals who cannot pursue a face-to-face master's degree.

11. The University continues to offer master's degrees in international law and human rights; international law and the settlement of disputes; environmental security and governance; sustainable natural resource management; international peace studies; media, peace and conflict studies; gender and peacebuilding; and peace education.

2. Special programmes

12. The University maintains dual-degree, dual-campus and joint programmes with partner universities around the world. These are interesting options because they permit students to obtain more than one degree by studying in more than one institution.

13. The programmes focus on innovative topics. A recent example is the programme on sustainable peace through sport, which is hosted by the International University of Monaco and implemented jointly with the University for Peace. The programme has been supported by Peace and Sport, a global initiative under the patronage of Prince Albert II of Monaco. Although students are based at the campus of the International University of Monaco, about half of their courses are delivered online by the University for Peace.

14. The University will continue, wherever possible, to develop similar programmes to expand its reach around the world.

3. Study-abroad programmes

15. **Undergraduate credit-building**. As a result of its partnership with the University of California, Berkeley, the University for Peace is now admitting senior undergraduates, on a case-by-case basis, to study at the University for up to one semester. Qualifying students can take the University's master's courses and the University will award credits towards a master's degree, which the student can later pursue at the University or elsewhere. This approach, which benefits both the student and the institution, encourages undergraduates to pursue their studies at the postgraduate level.

16. **Semester-abroad programme**. In recent years, higher education has changed significantly: students have become more mobile and universities are looking into programmes that enable students to take courses abroad. Courses related to peacebuilding are increasingly in demand. Accordingly, the University now offers study-abroad options for up to one semester for qualified senior undergraduates. The model has proved successful for all interested parties and is an important way for the University to fulfil its United Nations mandate, given that the programmes of many partner universities can be enriched through the inclusion of peace studies. The University is seeking new partnerships in order to expand this programme.

17. **Summer peace institute**. This new seminar programme takes place each June. Students from various institutions come to the campus to study major world issues under the general theme of "problems without passports". The theme is taken from a remark by the former Secretary-General, Kofi Annan, that many world problems crossed borders and affected people in all countries. The programme has been listed as a study-abroad programme officially recognized by the University of California, Berkeley.

4. Spanish-language courses

18. The University has begun offering online courses in Spanish in an effort to engage with the Latin American community and to attract to the University the many students from the region seeking an education in peace studies in Spanish. Students can already submit their master's theses in Spanish.

5. Doctoral programme

19. The University has announced a two-track doctoral programme in peace and conflict studies. One track is designed for talented researchers who will pursue innovation in the field of peace studies and the other is aimed at capturing the

important experience of peace practitioners in academic publications. The input of peace practitioners is essential to a good understanding of this field.

6. Capacity-building programmes

20. The University has carried out highly successful capacity-building programmes, funded by the Government of the Netherlands, which are regarded as a model for development policy. The first was carried out in the Horn of Africa, the Middle East and South and South-East Asia, and the second covered the Great Lakes region in Africa. The programmes have attracted considerable interest as a model for assistance to developing countries. Under these programmes, the University develops partnerships with universities in the region concerned (26 such partnerships have been developed to date). The partner universities wish to launch their own master's programmes in peace studies and the University facilitates this by training academic staff and supporting a network of partners. Professors at partner universities develop their own curricula that are relevant to their local realities. The second of these programmes will be concluded successfully in 2012 and the University is seeking support from Member States to continue this important work in other regions. As a result of these capacity-building programmes, peace studies are now available locally in many conflict-affected areas, including the Congo, Iraq, Pakistan, Somalia and the Sudan.

7. Executive training

21. The University is successfully offering specialized executive training programmes on responsible business in a multicultural world. It has also initiated training for women professionals in partnership with the University of Connecticut, supported by the Government of the United States of America.

8. Improved facilities at the Costa Rica campus

22. In 2011, the University received a substantial additional property as a donation from a former colleague, providing it with an alternative campus, housing facilities for visiting professors, a large covered auditorium space and additional classroom areas.

23. In March 2012, a new, modern building was completed on the University campus by Earth Charter International, providing additional space and facilities. The highest-level Leadership in Energy and Environmental Design certification for the building's sustainable architecture is now being sought.

9. Accreditation

24. The University joined the Costa Rican national higher education accreditation system in 2008 and is working to have all its programmes and courses accredited as soon as possible. The University expects to complete accreditation of its master's programmes by the end of 2013.

10. Enrolment

25. The University has seen overall growth in enrolment since its revitalization in 2001. As is the case with many educational institutions, however, full-time on-campus enrolment at the University's main campus has suffered from the effects of

the poor economic situation worldwide. The number of applications has continued to rise, but many students cannot afford to pursue studies without scholarship support or access to student loans. Such scholarship support and student loans from Governments, foundations and the private sector have become essential to guarantee access to these programmes regardless of the financial status of the student. Currently, many applicants do not pursue their applications when they learn that the University cannot offer substantial scholarship assistance. A chart showing growth in enrolment can be found in the annex to the present report.

11. University alumni

26. Graduates of the University for Peace are currently pursuing further studies at the University of Oxford, Harvard University, the London School of Economics and Political Science, the Australian National University, the University of California, Berkeley, and other distinguished academic institutions. University alumni are employed by the Governments of Canada, Japan, Lebanon, New Zealand, Nigeria, Norway, Uganda and the United States, among others. Other alumni are working or pursuing internships at Amnesty International, the Office of the United Nations High Commissioner for Refugees, the United Nations Development Programme, Radio Free Europe/Radio Liberty, the European Free Trade Association, the Organization of American States, the Inter-American Court of Human Rights, the International Criminal Court and national delegations to the United Nations. They are also serving with many other organizations, pursuing further studies or working in the private sector. The University seeks to maintain contact with its alumni and for the first time has held an alumni reunion, in addition to having student volunteers contact alumni by telephone. Regional reunions have been held in Africa, Asia and North America.

B. Subsidiary centres and affiliated institutions

1. Africa

27. The University's Africa programme continues to be one of its strongest programme elements. Based in Addis Ababa, and with an entirely African faculty and staff, this programme co-sponsors a joint master's degree with Addis Ababa University, coordinates a programme of doctoral research and study by students around the African continent and publishes the well-respected *Africa Peace and Conflict Journal*, a peer-reviewed biannual journal containing articles by Africans about African issues. In October 2012, the University will open a new joint gender programme in partnership with Femmes Africa Solidarité and Cheikh Anta Diop University in Dakar.

2. Asia and the Pacific

28. The University's Asia and the Pacific programmes include three main components: the Asia Leaders Programme, the Asia-Pacific Centre in Seoul and a dual-degree partnership with Hankuk University of Foreign Studies in the Republic of Korea. The Asia Leaders Programme, supported by the Nippon Foundation, selects promising students from Asia for a tailored programme of study at Ateneo de Manila University in the Philippines and at the University for Peace. In 2011, this remarkably successful programme attracted 800 applications for 30 places. The

Asia-Pacific Centre in Seoul, which began to receive students in 2011, is affiliated with the University and is expected to grow and to host various peace-related activities. The dual-degree partnership with Hankuk University of Foreign Studies permits students at that institution to spend the second year of a two-year master's programme at the University for Peace, receiving master's degrees from both institutions.

3. Latin America

29. From its early days, the University has had two affiliated institutions in Latin America: the World Centre for Research and Training in Conflict Resolution in Bogota and the World Centre for Research for Peace in Montevideo. While these two institutions continue to operate independently, their directors regularly attend the University's annual International Academic Council meetings to report on their activities and to coordinate with the University. The World Centre for Research and Training in Conflict Resolution has been working on the theme of the reinsertion of former combatants into society, a key process for the security of communities in Colombia. It has also published research, helped victims of the Colombian conflict and worked to promote coexistence in Colombian society. The World Centre for Research for Peace focuses on activities to promote education for peace, laying emphasis on conflict prevention and resolution.

4. Europe

30. In Europe, the following institutions are affiliated with the University: the European Centre for Peace and Development in Belgrade, the University for Peace office in Geneva and the University for Peace Centre in The Hague. There are also partnership programmes with the University of Innsbruck and the International University of Monaco. The European Centre for Peace and Development has a range of teaching and conferencing programmes and is active throughout the western Balkans. The University for Peace office in Geneva is the University's principal interface with United Nations institutions and hosts the University's disarmament training programme in implementation of the recommendations made in the report of the Secretary-General on disarmament education (A/57/124) and approved by the General Assembly in its resolution 57/60. The University Centre in The Hague is the newest institution affiliated with the University. It has established its offices in the prestigious Peace Palace and will focus on teaching programmes on peace issues in local universities. The two university partnership programmes have their own joint arrangements with the University. The University of Innsbruck offers a second year of study for University of Peace graduates, while the International University of Monaco hosts a joint programme on peace and sport (see para. 13 of the present report).

5. North America

31. The University's longest and most successful partnership has been its dual-degree programme with American University in Washington, D.C., which focuses on environmental issues in relation to peace and offers students the option of obtaining master's degrees from both American University and the University for Peace in a two-year programme. New partnerships have been forged with the University of California, Berkeley (see para. 17 of the present report) and the University of Connecticut, where a joint programme to train women professionals is

being conducted with funding from the United States Agency for International Development.

32. The University office in New York serves a key liaison function with United Nations Headquarters and United Nations programmes based in New York. The University was granted observer status in the General Assembly in 2008. The Executive Director of the office serves as the University's Permanent Observer to the United Nations and supports its fundraising efforts through organizations such as the United Nations Delegations Women's Club and its "Women for Peace" project. The office also provides support in organizing events at the United Nations, such as that held in February 2012 to create awareness of the University and to mobilize support for it.

6. Australia

33. The University has been in contact with educational institutions in Australia and has given a briefing at the Ministry of Foreign Affairs in Canberra. It continues to seek partner institutions in the region.

C. Relations with United Nations bodies

34. The University is continuously seeking partnerships, visiting speakers and collaborative activities with relevant United Nations bodies. One of the most important areas on which it continues to focus is the career development of alumni within the United Nations system. The University is a member of the United Nations group of institutions in Costa Rica.

35. **United Nations Educational, Scientific and Cultural Organization Chair**. In October 2011, a new United Nations Educational, Scientific and Cultural Organization (UNESCO) Chair on education for sustainable development was established with the University and Earth Charter International, which is located on the University campus. The signing ceremony was held on 2 February 2012. This is a three-year agreement with UNESCO and Earth Charter International for research and training in education for sustainable development. The Chair will be managed by Earth Charter International.

36. **General Assembly**. In its resolution 65/11, the Assembly commended the University, the United Nations Children's Fund and the United Nations Development Fund for Women for their activities in further promoting a culture of peace and non-violence, including the promotion of peace education and activities related to specific areas identified in the Programme of Action on a Culture of Peace (Assembly resolution 53/243 B). The Assembly encouraged all three organizations to continue and further strengthen and expand their efforts.

37. **Human Rights Council**. The University holds permanent observer status on the Human Rights Council and participates regularly in its activities.

38. **United Nations University**. The University would welcome increased cooperation with the United Nations University in view of the encouragement in that regard set out in the Charter of the University for Peace.

39. **Non-United Nations status of University employees**. Its best efforts notwithstanding, the University has been unable to improve the status of its faculty

and staff, who have yet to be recognized as holding the status of regular United Nations employees. This means that their salaries and benefits are lower than those of regular United Nations employees and that international employees have no benefits or retirement system. Since the University is small and has a limited budget, the challenge of creating a retirement system has proved simply too costly.

D. Community relations

40. The University has excellent relations with the local community in Costa Rica, beginning with the towns in which it is physically present. It is also reaching out to other important communities and the country in general to offer its knowledge and training opportunities. The President of Costa Rica, Laura Chinchilla, was the recipient of an honorary doctoral degree from the University when giving the keynote speech at the University commencement ceremony in 2010. The former President, Oscar Arias, spoke at the University to celebrate its thirtieth anniversary.

41. **Consortium of institutions in Costa Rica**. Inspired by an article written by the Rector of the Tropical Agricultural Research and Higher Education Centre, the Rector of the University organized a meeting of the rectors of the Central American Institute of Business Administration, the Tropical Agricultural Research and Higher Education Centre and the University for Peace, as the three distinguished graduate schools in Costa Rica that attract substantial numbers of international students. The objective was to develop cooperation among the institutions, in particular with regard to Government regulations affecting them and the important contributions of those institutions to the Costa Rican economy and culture. This cooperation has now expanded into a consortium that also includes the Escuela de Agricultura de la Región Tropical Húmeda and the National Biodiversity Institute. It has met on several occasions to discuss coordination of objectives.

42. **University access road**. The single access road to the campus continues to pose a problem. The area that was severely damaged in a landslide in November 2010 has not yet been repaired, the promises to do so notwithstanding. The University has made great efforts to coordinate with the local community and other interested parties and has taken the lead in seeking repairs to the damaged area of this road, given that access to the campus is essential to the operation of the University. In June 2012, the University was informed by the National Emergencies Commission that the funds required to repair the road had been approved and that the necessary repairs would begin in 2013.

E. Financial situation

1. Financial results

43. The University currently has an annual budget of some $7 million, encompassing its main campus and worldwide activities. It finished the financial year 2010/11 without a deficit and showed stable budgetary results during the reporting period. While the University's objective is to be self-sustaining on the basis of income generated by its teaching and training programmes, it remains dependent on donations, which allow students to benefit from the University regardless of their ability to pay tuition fees.

44. To date, the University has been unable to offer its international employees the same benefits as regular United Nations employees and it requires the support of Member States if it is to do so. Similarly, the University may now have to cancel its participation in the United Nations security system because it cannot afford the annual fee of $7,000. In addition, the University has specific priority requirements for construction to meet the needs of an expanding educational institution, in addition to an overall need for an endowment fund to stabilize its financial situation. The Member States that created the University share the responsibility for ensuring that it is safe and that its employees are treated fairly.

45. Notwithstanding the appeal by the Secretary-General in his report to the General Assembly in 2009 (A/64/281) and Assembly resolution 64/83, in which the Assembly invited Member States to contribute to the University, very few countries have provided support. The countries that have generously provided financial support to the University during the reporting period are Belgium, Canada (through the International Development Research Centre), Denmark, Ecuador, Finland, Germany, Monaco, the Netherlands, Sweden, Switzerland, Turkey and the United States.

46. The University is deeply grateful for the continuing annual financial support of the Dutch Postcode Lottery, the Nippon Foundation and United Nations Women for Peace.

2. Donors meeting

47. The permanent representatives of Member States to the United Nations in New York have been approached directly for their support and were invited to participate in a meeting of donors, held in New York in February 2012 and co-hosted by the permanent representatives of Costa Rica and the Netherlands to the United Nations. The Rector of the University gave a presentation on the University's current state. At that meeting, the Permanent Representative of Finland pledged a donation of $50,000 on behalf of his country. If other Member States would follow suit and contribute according to their possibilities, the University would be able to continue to support students from all parts of the world.

F. Evaluations

48. All University programmes undergo regular internal and external evaluations. In addition, the University underwent overall evaluations during the reporting period, which are described below.

49. **Nippon Foundation**. The Nippon Foundation assessed the results of the Asia Leaders Programme, and the University in general, in October 2011. The results were positive and a decision was made to renew the programme.

50. **International Academic Council**. On 24 and 25 November 2011, the University International Academic Council held its sixth meeting. The Council reviewed and evaluated the University's newest programmes, including those in responsible management and sustainable economic development and sustainable urban governance and peace, in addition to the online master's programme. It also discussed the status of the University's work for accreditation through the Costa Rican national accreditation body.

51. **Evaluation by the Chancellor**. The Chancellor of the University, Ruth Dreifuss, evaluated the University in October 2011. Her report, submitted to the University Council in February 2012, was generally positive, and contained specific areas for improvement.

52. **Capacity-building programmes**. The South Asia, Africa and the Middle East (2007-2010) and Great Lakes region (2009-2012) capacity-building programmes were evaluated by a team of independent experts from George Mason University. The final report for the former and the midterm report for the latter (the programme will end in August 2012) show that important results have been achieved. Given that providing capacity-building support in conflict-affected areas involves many obstacles, the implementation of lessons learned from these evaluations has been essential to the success of the programmes.

G. University development strategy

53. The University's strategic objectives have remained constant since 2007 and continue to be: to offer education for peace to interested persons worldwide, in pursuit of its unique United Nations mandate; to be the world's leading institution in the field of education for peace; and to be self-sustaining on the basis of earned income, including tuitions and fees, donations for scholarships and facilities, and project funding.

54. The University believes that education for peace benefits all countries, contributes positively to world stability and progress, and should be supported by all States Members of the United Nations. Education for peace makes young people aware that there are alternatives to conflict and should be a component of any national or international development strategy or programme. The University has been actively contributing to this essential component and has shown that it is capable of doing much more. To do so, however, it needs the strong recognition and support of the States Members of the United Nations.

55. A specific problem that the University continues to face is the recognition of its special status. This can arise in relations with other United Nations institutions or with national Governments in countries in which the University seeks to establish its activities or to work in partnership with local institutions. The problem can be remedied if Governments and organizations recognize and respect the unique status that has been accorded to the University by the General Assembly. The University seeks full respect for its international status and the support of host Governments to carry out its important mission. Member States are requested to support the University as it pursues its activities, including by:

(a) Signing the Charter of the University. This entails no financial obligations and is a significant gesture in support of peace. The Charter is open for signature through the Office of Legal Affairs in New York;

(b) Making direct financial contributions of any size to the University;

(c) Providing scholarship support for students from the donor country, which offers clear benefits for the country itself and is in line with the desire of students today to study abroad;

(d) Making named donations, which can be earmarked for a specific need, such as buildings or facilities;

(e) Sponsoring capacity-building programmes, under which the University can develop peace studies programmes in developing countries.

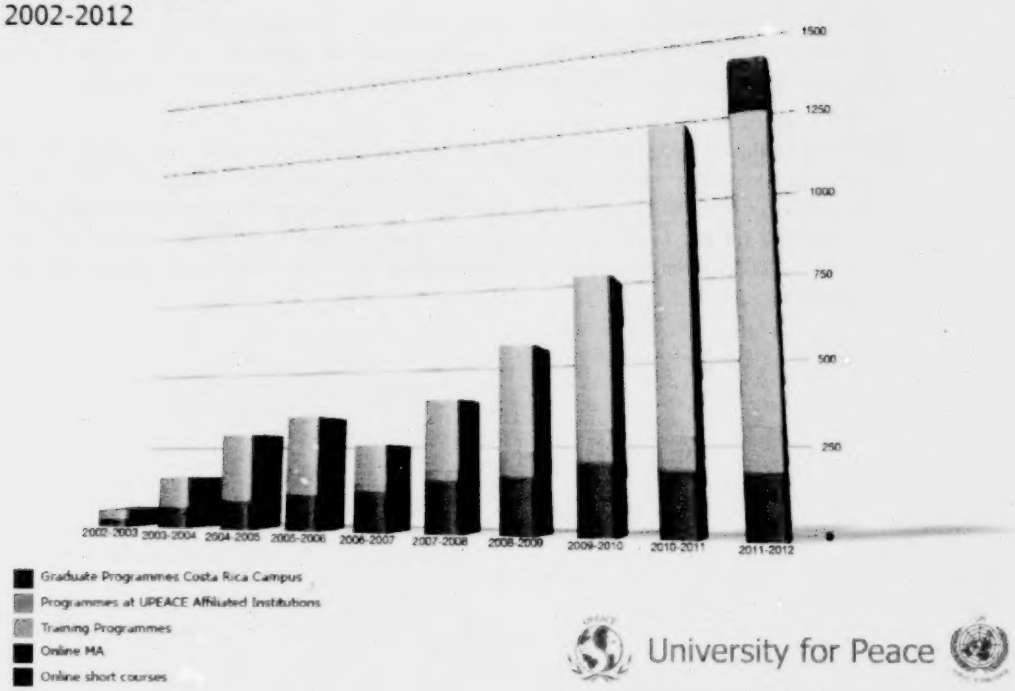
III. Conclusions

56. The University is carrying out a mission that is increasingly central to the future of the world. Education for peace must be expanded until it touches all people, everywhere, to convince them that armed conflict must be relegated to the past.

57. For the University to accomplish the mission that it has been given by the General Assembly, Member States must take the lead in supporting that mission by recognizing the institution, making generous financial contributions that will make it possible for the University to offer its programmes of study to all students who wish to participate in them, and facilitating the University's operations in host countries.

Annex

Enrolment chart



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Item 67 (a) of the provisional agenda*
Rights of indigenous peoples: Second International Decade of the World's Indigenous People

Evaluation of the progress made in the achievement of the goal and objectives of the Second International Decade of the World's Indigenous People

Report of the Secretary-General

Summary

The present report provides an assessment of the Second International Decade of the World's Indigenous People. It has been compiled from reports submitted to the United Nations and to the annual sessions of the Permanent Forum on Indigenous Issues. The report updates the 2010 midterm progress report on the Second Decade and assesses its impact on the achievement of the Millennium Development Goals, contributing to ongoing efforts to define a post-2015 development agenda. The report concludes that there has been some progress in achieving the goals of the Second Decade, and that the current global consensus on the United Nations Declaration on the Rights of Indigenous Peoples is a significant factor in this regard. Undeniably, however, the implementation gap between policy and practice remains a tremendous challenge, particularly in the recognition of the rights of indigenous peoples to lands, territories and resources. The report concludes that the inclusion and prioritization of indigenous peoples' rights in the post-2015 development agenda is critical to ensuring that the United Nations Declaration and the goal and objectives of the Second International Decade of the World's Indigenous People make a real difference to indigenous peoples around the world.

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I. Introduction

1. The present report is submitted pursuant to the request of the General Assembly, in its resolution 65/198, that the Secretary-General, in consultation with Member States, relevant United Nations agencies and mechanisms and other stakeholders, including organizations representing indigenous peoples, submit to the Assembly at its sixty-seventh session, a report evaluating the progress made in the achievement of the goal and objectives of the Second International Decade of the World's Indigenous People and its impact on the achievement of the Millennium Development Goals.

2. The report is a follow-up to the midterm report of the Secretary-General submitted to the General Assembly in 2010 (A/65/166). It provides an update on progress made in achieving the goal and objectives of the Second Decade and assesses the impact on the Millennium Development Goals, as part of the blueprint for a post-2015 development agenda. The information contained in the report was drawn from reports submitted to the United Nations by Member States, United Nations agencies and indigenous peoples' organizations, including reports submitted to sessions of the General Assembly and the Permanent Forum on Indigenous Issues, as well as other documents and publications. The request for information by the Forum included specific reference to achieving the objectives of the Second Decade.

3. The Second International Decade of the World's Indigenous People, which commenced on 1 January 2005, was proclaimed by the General Assembly in its resolution 59/174. The theme of the Second Decade was "Partnership for action and dignity". In resolution 59/174, the Assembly requested that the Secretary-General appoint the Under-Secretary-General for Economic and Social Affairs as Coordinator of the Second Decade. In resolution 60/142, the Assembly adopted the Programme of Action for the Second International Decade of the World's Indigenous People as the guideline for action.

4. The five interlinked objectives of the Programme of Action are:

(a) Promoting non-discrimination and the inclusion of indigenous peoples in the design, implementation and evaluation of international, regional and national processes regarding laws, policies, resources, programmes and projects;

(b) Promoting full and effective participation of indigenous peoples in decisions which, directly or indirectly, affect their lifestyles, traditional lands and territories, cultural integrity as indigenous peoples with collective rights, or any other aspect of their lives, considering the principle of free, prior and informed consent;

(c) Redefining development policies that depart from a vision of equity and that are culturally appropriate, including respect for the cultural and linguistic diversity of indigenous peoples;

(d) Adopting targeted policies, programmes, projects and budgets for the development of indigenous peoples, including concrete benchmarks, and particular emphasis on indigenous women, children and youth;

(e) Developing strong monitoring mechanisms and enhancing accountability at the international, regional and, particularly, the national level regarding the

implementation of legal, policy and operational frameworks for the protection of indigenous peoples and the improvement of their lives.

II. Assessment of the implementation of the goal and objectives of the Second International Decade of the World's Indigenous People

5. The current report analyses and assesses the implementation of the goal and objectives of the Second Decade, focusing on the Programme of Action. Selected measures, programmes and initiatives are highlighted as examples of good practice.

A. Promoting non-discrimination, inclusion and full and effective participation of indigenous peoples (objective 1)

6. As noted in the 2010 midterm progress report of the Secretary-General on the Second International Decade of the World's Indigenous People (A/65/166), the adoption of the United Nations Declaration on the Rights of Indigenous Peoples by the General Assembly in resolution 61/295 constituted the major achievement of the Second Decade. Since 2010, all States that had voted against the Declaration have changed their positions, signifying global consensus on the United Nations Declaration on the Rights of Indigenous Peoples.[1]

7. The preamble of the United Nations Declaration on the Rights of Indigenous Peoples states that all doctrines, policies and practices based on advocating superiority of peoples on the basis of national origin or racial, religious, ethnic or cultural differences are seen as false, racist, legally invalid, morally condemnable and socially unjust. It reaffirms the concept of non-discrimination and reiterates that indigenous peoples should be free from discrimination of any kind in the exercise of their rights. Article 2 of the Declaration states that indigenous peoples and individuals are free and equal to all other peoples and individuals, and have the right to be free from any kind of discrimination in the exercise of their rights, in particular those based on their indigenous origin or identity. For that reason, Member States have been encouraged to review their laws, regulations and policies impacting indigenous peoples. Member States must be involved in promoting non-discrimination and inclusion of indigenous peoples in the design, implementation and evaluation of international, regional and national processes regarding laws, policies, resources, programmes and projects. Constitutional recognition of indigenous peoples is an important step in guaranteeing the recognition, inclusion and promotion of the rights of indigenous peoples. For example, the rights of the Sámi people to preserve and develop their language, culture and way of life have been protected in the Norwegian Constitution since 1988.[2]

8. Many countries are now engaged in reforming their constitutional and legal systems to protect the rights of indigenous peoples. Some of the constitutional

[1] By December 2010, Australia, Canada, New Zealand and the United States of America had signalled their support for the United Nations Declaration on the Rights of Indigenous Peoples. Colombia and Samoa, two of the nine States abstaining from the Declaration, also reversed their positions.

[2] See http://www.norway-un.org.

reforms taking place today go as far as to recognize the collective rights of indigenous peoples. The 2008 Constitution of Ecuador recognized indigenous peoples and other nationalities and acknowledged Ecuador as an intercultural and plurinational State. In 2009, the Government of the Plurinational State of Bolivia enacted its new Constitution, which guaranteed the full participation of indigenous peoples in the construction of the State.[3] Kenya's 2010 Constitution provided an array of civil, political, socioeconomic and collective rights for minorities and marginalized groups, each of which had relevance to indigenous peoples in the country.[4] In 2011, the new Constitution in Morocco gave recognition and official status to the identity and language of the Amazigh peoples.[4]

9. Along with constitutional reform, the recognition of indigenous peoples' rights in national processes such as laws and policies has been addressed in many countries. In 2010, the Government of Peru established the Vice-Ministry of Intercultural Affairs within the Ministry of Culture to promote the rights of indigenous peoples, in accordance with both International Labour Organization (ILO) Convention No. 169 and the United Nations Declaration on the Rights of Indigenous Peoples. The First National Indigenous Congress was held in El Salvador in October 2010. At the opening of Congress, the President of El Salvador apologized to the nation's indigenous peoples for the harm they had suffered over the past five centuries and stated that, from that day forward, he would officially terminate the historical denial of the diversity of peoples and acknowledge El Salvador as a multi-ethnic and multicultural society.[5] In 2011, the Congo became the first country in Africa to promulgate a specific law on the promotion and protection of the rights of indigenous populations (Law No. 5-2011). The law was the result of a participatory consultative process among representatives of the Government, civil society and indigenous peoples.

10. The inclusion of indigenous peoples in national laws, policies, resources, programmes and projects strengthens, supports and recognizes the distinct identity of indigenous peoples. In recent years, countries including Ecuador, El Salvador and Paraguay have made efforts to register indigenous children in national civil registries using their indigenous names, and providing all indigenous people with identity cards, and thus recognizing them as rights-bearers. El Salvador and Paraguay have created national registers of indigenous communities in order to assist such communities to uphold their collective rights over their lands and to maintain their culture and traditions.

B. Promoting the full and effective participation of indigenous peoples in decisions which, directly or indirectly, affect their collective rights, considering their free, prior and informed consent (objective 2)

11. The full and effective participation of indigenous peoples in matters relating to their collective rights in policy and decision-making processes at the national level is a key principle affirmed in article 18 of the United Nations Declaration on the Rights of Indigenous Peoples. Over the years, at its annual sessions, the Permanent

[3] E/C.19/2011/8, para. 2.

[4] See International Work Group for Indigenous Affairs, *The Indigenous World 2012*, Copenhagen, 2012.

[5] E/C.19/2011/8, para. 4.

Forum has reiterated the right of indigenous peoples to participate in decision-making in all matters affecting them. There are various models within the United Nations system, developed in partnership with indigenous peoples, outlining methods to ensure their full and effective participation in decision-making and policymaking. In parallel, at the programmatic level, several intergovernmental organizations and United Nations entities have introduced new initiatives on indigenous peoples, either by developing corporate strategies, policies or strategic frameworks, or by strengthening and expanding existing ones. In addition, some of these organizations have established participatory mechanisms for indigenous peoples.

12. Policy and legislative reforms provide opportunities for indigenous participation. In Guatemala, the participation of indigenous peoples in public policy is exemplified in the National Policy for the Advancement and Integral Development of Women 2008-2023; the Public Policy in Favour of Coexistence and the Elimination of Racism and Racial Discrimination against Indigenous Peoples; and the National Comprehensive Development Policy, which was approved in May 2009. There are many other legislative initiatives in various parts of the world, either in the form of laws on participation and consultation, or plans aimed at ensuring indigenous peoples' right to be consulted before the development of projects.

13. Unfortunately, many challenges remain. There have been far too many instances where indigenous peoples have not been consulted about projects affecting their communities, or where international standards had not been observed. Furthermore, the definition of free, prior and informed consent has remained vague, leaving the final interpretation on the application of that principle to the relevant State body. In August 2011, the Congress of Peru approved Law No. 29785 on prior consultation of indigenous peoples. While the law was welcomed by different indigenous groups, it was also criticized for not specifying when free, prior and informed consent had to be obtained.[4] In Guatemala, a bill on the State's duty to consult was opposed by indigenous representatives for failing to meet the international standards established in ILO Convention No. 169.[6] The Plurinational State of Bolivia approved a law in 2010 on jurisdictional demarcation which was based on the right to consultation and to free, prior and informed consent. The law also recognized the validity of traditional indigenous justice, and established modes of coordination with other traditional forms of justice.[7] The Government of Ecuador is developing a methodology for implementing the right to free, prior and informed consent. Further, the Ministry for the Coordination of Heritage, through its Programme for Development and Cultural Diversity, in cooperation with ILO, has completed a study on the systematization of the ways and means in which indigenous peoples and nationalities make decisions.[8]

14. At the global level, representatives of indigenous peoples have increased their levels of participation in meetings of the Permanent Forum, the Expert Mechanism on the Rights of Indigenous Peoples and other United Nations meetings and treaty-body sessions. The Human Rights Council, recognizing the importance of

[6] E/C.19/2010/12/Add.8, para. 30.

[7] See Plurinational State of Bolivia, annual report to the Permanent Forum on Indigenous Issues (2011) (http://www.un.org/esa/socdev/unpfii/documents/session_10_Bolivia.pdf).

[8] See Ecuador, annual report to the Permanent Forum on Indigenous Issues (2012) (http://www.un.org/esa/socdev/unpfii/documents/2012/session-11-Ecuador.pdf).

encouraging the participation of indigenous peoples in the United Nations system, in its resolution 18/8 requested that the Secretary-General, in cooperation with the Office of the United Nations High Commissioner for Human Rights (OHCHR), the Office of Legal Affairs and other relevant departments of the United Nations Secretariat, to recommend ways and means not only of promoting the participation of indigenous peoples' representatives at the United Nations, but also of recognizing their right to participate in meetings on issues affecting them, given that they were not always organized as non-governmental organizations, and of structuring the manner of such participation.

C. Redefining culturally appropriate development policies (objective 3)

15. Indigenous peoples' concept of development is based on the values of reciprocity, solidarity, equilibrium and collectivity, with the idea that human beings should live in harmony with the natural world. Development that includes elements of culture and identity is characterized by a holistic approach that builds on collective rights, security and greater control and self-governance of lands, territories and resources. It promotes a strong gender focus, respect for traditional experience, and a vision of sustainable development of the environment and affirmation of the social, economic and cultural rights of indigenous peoples.[9] The United Nations Declaration on the Rights of Indigenous Peoples provides the fundamental basis upon which indigenous peoples can affirm their rights and define their aspirations in their interaction with States and corporations. Article 3, which is central to the Declaration, reaffirms the right of indigenous peoples to self-determination.

16. The Second International Decade of the World's Indigenous People and the United Nations Declaration on the Rights of Indigenous Peoples both urge Member States and the United Nations system to adopt an inclusive approach towards development that embraces indigenous peoples' free, prior and informed consent on development projects affecting their lives. The obligation to consult indigenous peoples applies at all levels of the development process. Indigenous peoples should be consulted, in good faith and through appropriate procedures, with the objective of obtaining their consent when measures that may affect them are being considered. Effective implementation can be in the form of specific laws and policies. In Paraguay, one process for the recognition and protection of indigenous peoples' territories and cultures has been implemented through a project entitled "Marking territory and expressing culture", targeting the Totobiegosode peoples who live in voluntary isolation and have suffered from the consequences of deforestation. It safeguards the territory and integrity of the tribe, and their right to self-determination.[10]

17. At the global level, the United Nations Development Group Guidelines on Indigenous Peoples' Issues, adopted in February 2008, based on the United Nations Declaration, ILO Convention No. 169 and other relevant international instruments, is an example of a new approach to development. It sets out the normative, policy and operational framework for implementing a human-rights-based, culturally sensitive approach to development,[11] and affirms that indigenous peoples have the

[9] E/C.19/2010/14, para. 22.

[10] E/C.19/2012/12, para. 14.

[11] http://www.undg.org/index.cfm?P=270.

right to define and decide their own development priorities. The aim of the Guidelines is to assist United Nations country teams to mainstream indigenous peoples' issues, particularly during the preparation of the common country assessment/United Nations Development Assistance Framework process, as well as during other phases of policy and programming.

18. A number of United Nations agencies have been redefining their own development policies to include respect for indigenous peoples' cultural and linguistic diversity through consultative processes that include indigenous peoples. In February 2011, the International Fund for Agricultural Development (IFAD) established the Indigenous Peoples' Forum, within the framework of the United Nations Declaration on the Rights of Indigenous Peoples, in order to implement its policy on engagement with indigenous peoples. The aim of the Forum is to promote the participation of indigenous peoples in IFAD discussions and programmes. In 2010, the Food and Agriculture Organization of the United Nations (FAO) approved a policy on indigenous and tribal peoples, based on international legal instruments, including the United Nations Declaration. The implementation of this policy is under way, accompanied by activities of FAO Interdepartmental Working Group on Indigenous Issues.

19. Indigenous peoples are increasingly demanding their right to participate in policy dialogue on development issues at both the national and international levels. They have raised serious concerns regarding development, in particular, large infrastructure projects on their lands, including projects carried out by extractive industries, as well as highway or dam projects that have, in many cases, caused destruction to their lands, territories and resources and generated severe inequality and other social problems.

20. Increasing international attention has been devoted to the relationship between business corporations and indigenous peoples. In 2011, a Permanent Forum analysis of the duty of the State to protect indigenous peoples affected by transnational corporations and other business enterprises (E/C.19/2012/3) concluded that the scale and scope of resource exploration and exploitation of indigenous peoples' lands and territories has affected indigenous peoples and their communities, that the number of transnational corporations engaging in resource exploitation was increasing and that, therefore, there was a need to implement standards for social responsibility to ensure compliance with the United Nations Declaration on the Rights of Indigenous Peoples, and that Governments needed to utilize international standards to guarantee the rights of indigenous peoples at the national level.

21. The Special Rapporteur on the rights of indigenous peoples has also focused on extractive industries operating within or near indigenous territories (A/HRC/18/35). In his 2011 report to the Human Rights Council, among the many issues identified were the environmental impact and health problems related to resource extraction and pollution, their adverse impacts on indigenous peoples' structures and cultures and the threat to their survival as distinct peoples owing to forced relocation from their ancestral lands. The report pointed out that the activities of extractive industries had also resulted in the deterioration of communal social cohesion and erosion of traditional authority structures, and that there was a lack of consultation, participation and dialogue on agreements in the operation of natural resource extraction projects that affected indigenous peoples.

22. In June 2011, the Human Rights Council unanimously endorsed the Guiding Principles on Business and Human Rights (A/HRC/17/31), providing global standards for preventing and addressing the risk of adverse impacts on human rights linked to business activity. At the same session, by its resolution 17/4, the Council established the Working Group on the issue of human rights and transnational corporations and other business enterprises, whose mandate was especially relevant to indigenous peoples.

23. There are many challenges to developing and implementing culturally sensitive international development processes. These include the lack of understanding of indigenous peoples' internal leadership structures and self-governance institutions, the scarcity of individuals with the requisite skills to work with indigenous peoples, and the lack of funding for economic empowerment activities. There are also enabling factors identified by the Permanent Forum, the Expert Mechanism on the Rights of Indigenous Peoples and the Special Rapporteur. These include the institutional policies and programmes established by United Nations agencies and other intergovernmental organizations, technical cooperation, facilitation of dialogue between Governments and indigenous peoples at the national level and the support provided by non-governmental organizations and United Nations entities in the development or restructuring of legislative and institutional frameworks focused on indigenous peoples' rights at country level.

D. Adopting targeted policies and programmes for the development of indigenous peoples (objective 4)

24. Indigenous peoples are proactive in attending international conferences in order to advance their rights, to enhance their effective participation in all activities that affect them and to influence outcomes. Indigenous women attending the fifty-sixth session of the Commission on the Status of Women advocated the adoption of a resolution recognizing the role of indigenous women as key actors in poverty and hunger eradication (E/CN.6/2012/L.6). Indigenous peoples also focused their attention on the 2012 United Nations Conference on Sustainable Development and were one of the major groups participating in the formal negotiations of the outcome document, entitled *The future we want* (resolution 66/288).

25. Targeted policies and programmes for indigenous peoples have been evident in some Central American, South American and Caribbean countries, where the concept of interculturality was applied at the national level. The Government of Ecuador has developed a national plan for living well, 2009-2013, whose objectives include interculturality, mutual recognition and the valorization of all collective forms of expression. In 2009, the Bolivarian Republic of Venezuela promulgated a law on the cultural heritage of indigenous peoples with the objective of protecting the collective rights of indigenous peoples and all matters that constitute their cultural heritage. The law recognized collective ownership over indigenous knowledge, technologies, scientific innovation and artistic forms.

26. Since 2011, in Central America, South America and the Caribbean, the United Nations Development Programme (UNDP) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) have been developing programmes that promote the political and electoral participation of indigenous peoples, particularly women and youth. The process encourages

indigenous organizations and leaders, especially women, to work together to promote and strengthen indigenous peoples' organizations and networks in the region. The secretariat of the Permanent Forum is working with OHCHR, UNDP, IFAD and the Inter-Parliamentary Union on a handbook for parliamentarians on the implementation of the United Nations Declaration on the Rights of Indigenous Peoples.

27. At the international level, United Nations agencies have recognized the added value of specific policy documents on indigenous peoples. As noted above, several United Nations agencies have adopted policies or strategies for engaging with indigenous peoples. However, the need for United Nations agencies to develop joint initiatives and partnerships with indigenous peoples' organizations continues. One example is a joint UNDP-UN-Women project, with the Autonomous University of Mexico, the Visiting Indigenous Chair of the Indigenous Cultural University, the Indigenous Fund and the Alliance of Indigenous Women of Central America and Mexico, to strengthen the leadership skills of indigenous women in political processes.

28. In May 2011, five United Nations agencies and offices, namely, the United Nations Children's Fund (UNICEF), ILO, OHCHR, UNDP and the United Nations Population Fund (UNFPA) launched the United Nations Indigenous Peoples' Partnership (UNIPP), focused on developing national capacities to promote indigenous peoples' rights. The key aim was to facilitate the implementation of international standards, particularly the United Nations Declaration on the Rights of Indigenous Peoples and ILO Convention No. 169. This initiative includes a multi-donor trust fund under the guidance of a policy board that includes the membership of indigenous experts. In October 2011, the UNIPP policy board approved six country projects (in Bolivia (Plurinational State of), Cameroon, the Central African Republic, the Congo, Nepal and Nicaragua) and one regional programme (South-East Asia).

29. Overall, indigenous peoples face significant challenges, and they are not able to exercise their human rights fully. The Permanent Forum continues to give high priority to the protection and promotion of indigenous peoples' rights, with added focus on women, children, youth and people with disabilities. A number of States have developed specific programmes for indigenous peoples to strengthen leadership skills, protect women's rights, establish intercultural systems of education, preserve indigenous languages and cultural heritage and safeguard rights to their lands, territories and natural resources.

30. Many States have developed strategies for poverty and hunger, rural development and education, youth and gender. Many include references to ethnic groups, minorities or vulnerable groups. As a result, indigenous peoples' issues have generally been addressed under the umbrella of other social and development policies and programmes, such as the elimination of racial discrimination or the enhancement of cultural diversity and equality for all. Rarely have indigenous peoples' issues been specifically addressed in national development plans, poverty reduction strategies or the common country assessments/United Nations Development Assistance Framework process, which involves joint agreements between United Nations country teams and Governments.

E. Promoting strong monitoring mechanisms and enhancing accountability at all levels (objective 5)

31. The Permanent Forum on Indigenous Issues holds a comprehensive dialogue with United Nations agencies during its annual session. The practice has been beneficial in triggering greater commitment by United Nations agencies on indigenous peoples' issues. For example, based on advice received during its comprehensive dialogue with the Permanent Forum, UNICEF has developed a programme strategy on indigenous and minority issues to guide country offices in programming with national partners.[12]

32. At the regional level, the African Commission on Human and Peoples' Rights has been advancing indigenous peoples' rights. Each year, indigenous peoples' representatives contribute to its sessions by reporting on the human rights situation of indigenous peoples in the African region. This has raised awareness of indigenous peoples' rights by facilitating exchanges between indigenous representatives and their respective Governments. In February 2010, the Commission delivered a landmark ruling on the land rights of the Endorois people of Kenya. This was an important step towards recognizing indigenous peoples' rights, in particular, their right to their ancestral lands and to the use of their natural resources, including the right to compensation for past evictions and dispossessions. This ruling has set a precedent for future land rights claims and the use of natural resources.[13] The Commission's Working Group on Indigenous Populations, which undertakes country visits to monitor the human rights situation of indigenous communities, has contributed to increasing dialogue between Governments and indigenous peoples.[14]

33. The Inter-American Commission on Human Rights has issued a significant number of judgements and interpretations on indigenous peoples' rights. Under the individual system of petitions and supervision of the human rights situation, the Commission has affirmed indigenous peoples' rights to collective ownership and possession of their ancestral lands and territories, including their right to preserve their cultural and spiritual heritage and to transmit it to future generations. The Commission has also developed jurisprudence on the obligation of States to consult indigenous peoples and ensure their participation in decisions affecting them.[15]

34. Indigenous peoples also take part in the meetings of the Association of Southeast Asian Nations (ASEAN). In 2009, ASEAN established an Intergovernmental Commission on Human Rights and, in June 2011, commenced work on the drafting of its human rights declaration. Indigenous peoples have established an Indigenous Peoples' Task Force on ASEAN and are advocating the

[12] See annual report of UNICEF to the United Nations Permanent Forum on Indigenous Issues (www.un.org/esa/socdev/unpfii/documents/2012/session-11-UNICEF.pdf).

[13] In 2010, the Ogiek people in Kenya also took their case to the African Commission, claiming their right to live in the Mau forest. See the website of the African Commission (www.achpr.org).

[14] To date, the African Commission on Human and Peoples' Rights Working Group on Indigenous Populations has undertaken 13 country visits to 12 countries: Burundi (April 2005), Botswana (June 2005), Namibia (July-August 2005), Libya (August 2005), the Congo (September 2005 and March 2010), Niger (February 2006), Uganda (July 2006), the Central African Republic (January 2007), Gabon (September 2007), Rwanda (December 2008), the Democratic Republic of the Congo (August 2009) and Kenya (March 2010).

[15] See the Inter-American Commission on Human Rights website (http://www.oas.org/en/iachr/).

creation of a working group on indigenous issues and the inclusion of the rights of indigenous peoples in the forthcoming human rights declaration currently being drafted.

35. The United Nations Declaration on the Rights of Indigenous Peoples has become the cornerstone for the work of the majority of human rights mechanisms and institutions considering issues of non-discrimination, inclusion, and full and effective participation of indigenous peoples. However, this trend, as pointed out in the previous report assessing the achievements of the Second Decade (see A/65/166), has been much stronger at the intergovernmental and regional levels than at the national level. The lack of legal recognition and protection, paired with political exclusion and lack of representation in national policymaking and decision-making processes, have remained major challenges.

36. In response to a recommendation of the Permanent Forum, a technical expert meeting was held in 2010 on "Keeping track: indicators, mechanisms and data for assessing the implementation of indigenous peoples' rights".[16] The report pointed out that, at present, there was no single institutionalized mechanism for monitoring the implementation of the Declaration on the Rights of Indigenous Peoples. The report also suggested that a common, coherent and comprehensive assessment framework could be developed in consultation with indigenous peoples, to enhance coordination and complementarity among existing efforts. The OHCHR methodology for identifying structural process and outcome indicators could be used to guide the formulation of illustrative, flexible indicators that could be adapted to regional, country and local contexts.

37. At the tenth session of the Permanent Forum, an analysis was presented on the implementation of the recommendations of the Permanent Forum concerning economic and social development, the environment, and free, prior and informed consent. While some progress was evident in the recognition of indigenous peoples' rights, there were limited resources to measure the effectiveness of actions taken at the local level. This was further complicated by a lack of annual reporting by United Nations agencies and by Member States on the follow-up to the recommendations of the Permanent Forum. Given that the Second Decade will end in 2014, it is important to receive information from Member States and United Nations agencies so as to be able to assess implementation of the recommendations of the Permanent Forum and to identify future action.

III. Impact of the Second International Decade of the World's Indigenous People on the achievement of the Millennium Development Goals

38. Although most Member States, international organizations and indigenous peoples' organizations have implemented measures to meet the Millennium Development Goals, only a few have developed specific initiatives in response to the plan of action for the Second International Decade. This could be an indication that the policies, programmes and projects designed to achieve the Millennium Development Goals could also achieve the goal and objectives of the Second

[16] See E/C.19/2011/11 (http://www.un.org/esa/socdev/unpfii/documents/session_10_crp_2.pdf).

Decade, insofar as they targeted vulnerable groups and addressed inequalities within national societies.

39. In 2005, at its fourth session, the Permanent Forum addressed Millennium Development Goal 1 (Eradicate extreme poverty and hunger) and Goal 2 (Achieve universal primary education). The Permanent Forum, realizing the need to incorporate indigenous peoples' issues into the Goals to a greater degree, devoted its fifth session (2006) to the special theme "The Millennium Development Goals and indigenous peoples: redefining the Goals". During those sessions, many indigenous peoples' representatives stressed the urgency of redefining approaches to the implementation of the Goals in order to include their rights, perspectives, concerns, experiences and world views. They affirmed that indigenous peoples had their own definitions of poverty and development, and that there should be full and effective participation of indigenous peoples in the implementation of the Millennium Development Goals. Indigenous peoples from developed countries pointed out that they suffered from significant disparities in the enjoyment of economic, social and cultural rights, as developed countries treated the Goals as a matter of foreign policy, relevant only to their international aid programmes. The lack of disaggregated data was identified as a common obstacle to the assessment of the implementation of the Goals.[17]

40. The secretariat of the Permanent Forum conducted desk reviews of national Millennium Development Goals reports in 2006, 2007, 2008 and 2010 to determine the degree to which indigenous issues had been considered in those reports and whether indigenous peoples had participated in Goals monitoring at the national level. The disparate level of attention to indigenous peoples and indigenous issues has remained a challenge.[18] A common challenge facing countries in relation to the achievement of the Millennium Development Goals and indigenous peoples has been the relevance of addressing the development needs of indigenous peoples when they constitute a minority population. In such countries, cultural and linguistic barriers have triggered the further marginalization of indigenous peoples in development policies, with Governments opting for programmes aimed at larger groups to improve national averages, but failing to contextualize and tailor initiatives to the specific needs of indigenous peoples. In the Plurinational State of Bolivia, where indigenous peoples constitute the majority, there are good examples of mainstreaming and incorporating indigenous peoples in Millennium Development Goals reports, including the use of disaggregated data.

41. The majority of reports reviewed made indirect or little reference to indigenous peoples. In almost all reports, there was no information on specific provisions for the inclusion of indigenous peoples in the implementation, monitoring and evaluation of progress towards the Millennium Development Goals. The reports provided no disaggregated data on indigenous peoples for each Goal. In general, the data presented focused on national development status and provided only a general portrait of regional or ethnic patterns. For example, some national reports made little reference to Amerindians and other indigenous peoples. While it was recognized that the hinterland regions, where Amerindians constituted the

[17] See E/2006/43, chap. I.B, paras. 4 and 6.

[18] Secretariat of the Permanent Forum on Indigenous Issues, *MDG Reports, ccas, UNDAFs and Indigenous Peoples: A Desk Review 2010*, available at: http://www.un.org/esa/socdev/unpfii/documents/Desk%20Review%202010.pdf.

majority, lagged behind national averages on almost every target, further disaggregation of data would have been beneficial for more focused policies and detailed reporting.[19] Disaggregation of data on indigenous peoples would be a necessary step towards both monitoring progress in the achievement of the Goals and formulating targeted policies and programmes. This should be a key priority for Governments and entities of the United Nations system.

42. An analysis of the country reports on the Millennium Development Goals, common country assessments and United Nations Development Assistance Framework reports for 2010 and 2011 indicate that only a few countries reported specifically on measures aimed at addressing indigenous peoples' issues. The African regional Millennium Development Goals report of 2010 mentioned indigenous peoples in connection with indigenous knowledge applied to science and technology for the achievement of Goal 7 on environmental sustainability and Goal 4 on child mortality.[20] The Latin American and Caribbean regional Millennium Development Goals report of 2010 acknowledged that indigenous groups lagged behind in the area of overcoming poverty and indicated that the most vulnerable groups were indigenous women and children. In general, indigenous peoples achieved only very low levels of education (Goals 1 and 2), and suffered from poor access to drinking water (Goal 7) and high rates of chronic undernutrition (Goals 4, 5 and 6). The report highlighted difficulties in progress towards universal access to education, and the need to encourage school enrolment among disadvantaged groups, including indigenous peoples.[21] The Millennium Development Goals report of the Economic and Social Commission for Asia and the Pacific 2010 noted that many countries threatened by the effects of climate change were drawing upon traditional indigenous knowledge for adaptation and mitigation measures to reduce risks and strengthen resilience.[22]

43. Several Millennium Development Goals country reports discussed the situation of indigenous peoples in the contexts of extreme poverty, gender equality and empowerment of women, child mortality and maternal health (Goals 1, 3, 4 and 5). The levels of poverty, hunger and malnutrition were often disproportionately higher among indigenous peoples than among non-indigenous populations. Exploitation, discrimination and political and socioeconomic exclusion exacerbated indigenous peoples' vulnerability. Food insecurity and lack of access to, and control over, lands, territories and natural resources were critical determinants of indigenous peoples' vulnerability.[23] While some Member States have adopted legal reforms or policies promoting indigenous peoples' access to food, including Mexico and

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[19] Secretariat of the Permanent Forum on Indigenous Issues, *"MDG Reports and Indigenous Peoples: A Desk Review"*, No. 3, February 2008 (available at: http://www.un.org/esa/socdev/unpfii/documents/MDG_Reports_and_IPs_2008.pdf) and "Human Development Reports and Indigenous Peoples: A Desk Review", (available at: http://www.un.org/esa/socdev/unpfii/documents/HDR_desk_review_en.pdf).

[20] African Union, Economic Commission for Africa, African Development Bank Group and UNDP, *Assessing Progress in Africa toward the Millennium Development Goals, MDG Report 2010* (available at: http://web.undp.org/africa/mdg2010.shtml.

[21] *Achieving the Millennium Development Goals with equality in Latin America and the Caribbean: Progress and challenges (2010).*

[22] Economic and Social Commission for Asia and the Pacific, *Accelerating Equitable Achievement of the MDGs: Closing Gaps in Health and Nutrition Outcomes (2011).*

[23] See E/2012/43.

Paraguay,[24] or supporting indigenous peoples' food security, such as the Plurinational State of Bolivia,[25] the recognition of indigenous peoples' right to maintain and strengthen traditional food systems in accordance with their culture and identity has remained a major challenge. In Ecuador, a development programme for cultural diversity to reduce poverty and promote social inclusion has been developed in the poorest provinces of the country.[26]

44. There is a critical educational gap worldwide between indigenous peoples and the rest of the population in the achievement of Goal 2, universal primary education, specifically in years of schooling and rates of graduation. Ethnic and cultural discrimination in schools are major obstacles to equal access to education, causing poorer performances and higher dropout rates, especially for indigenous girls, who experienced problems related to unfriendly school environments, gender discrimination, school-based violence and, in some cases, sexual abuse. In most cases, school curricula did not include, respect or recognize, the specific identity and rights of indigenous peoples, the most important elements of the educational needs of indigenous children and youth. Intercultural, multilingual educational systems that respect and incorporate indigenous peoples' distinct culture and identity would facilitate the achievement of Goal 2.

45. In several Latin American countries, the level of schooling among indigenous children has increased due to measures guaranteeing accessibility to public education through curriculum reform, the introduction of indigenous languages and scholarship programmes. Progress in bilingual education has been achieved in the Plurinational State of Bolivia, with the introduction of a programme on bilingual intercultural education for rural primary schools in the three major indigenous languages.[7]

46. In terms of Millennium Development Goal 3 on gender equality and the empowerment of women, the gap between men and women has remained wide in indigenous communities despite successes in closing the educational gap. Attempts to close the gender gap have been ongoing in Paraguay, for example, where the Ministry of Women's Affairs, in coordination with the Paraguayan Indigenous Institute, has carried out a project to strengthen the capacity of women handcrafters in the Ayoreo community.[27]

47. When reviewing Millennium Development Goals 4 and 5 on child mortality and maternal health, indigenous communities tended to be worse off than non-indigenous communities. With regard to Goal 5, professional health-care attendance at birth was lower in areas with larger indigenous populations. One of the main determinants of indigenous women's maternal mortality rates was related to the fact that many indigenous women, especially in developing countries, had little or no access to basic health clinics and facilities.

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[24] See Mexico and Paraguay, annual report (2012) to the Permanent Forum on Indigenous Issues, (http://www.un.org/esa/socdev/unpfii/documents/2012/session-11-Mexico.pdf and http://www.un.org/esa/socdev/unpfii/documents/2012/session-11-Paraguay.pdf).

[25] See Plurinational State of Bolivia, annual report (2012) to the Permanent Forum on Indigenous Issues (http://www.un.org/esa/socdev/unpfii/documents/2012/session-11-Bolivia.pdf).

[26] See Ecuador, annual report (2012) to the Permanent Forum on Indigenous Issues (http://www.un.org/esa/socdev/unpfii/documents/2012/session-11-Ecuador.pdf).

[27] See Paraguay, annual report to the Permanent Forum on Indigenous Issues (2012) (http://www.un.org/esa/socdev/unpfii/documents/2012/session-11-Paraguay.pdf).

48. Articles 21 to 24 of the United Nations Declaration on the Rights of Indigenous Peoples called for particular attention to indigenous women in the implementation of the Declaration, and for specific measures to be taken to ensure that indigenous women and children enjoyed the full protection of their rights to health and health services, including traditional medicines and health practices. The implementation of those articles are of particular relevance to maternal mortality and morbidity, and to child mortality.

49. The Permanent Forum has also made recommendations to Member States on fostering a rights-based approach to health, the right to culturally acceptable and appropriate services and reproductive rights for indigenous women, in the light of a holistic concept of health which encompasses the collective well-being of indigenous communities and the natural environment, in its physical, social, mental, environmental and spiritual dimensions.[28]

50. The experiences of United Nations agencies such as the Pan American Health Organization (PAHO) and UNFPA, working in the Central African Republic, the Philippines, Viet Nam and countries in Latin America, reveal that community interventions that promote culturally sensitive health care are fundamental for mobilizing communities to save the lives of indigenous children and women.[29] PAHO has adopted a workplan for 2012-2013 that has integrated an intercultural perspective in health as a means of addressing the health-related Millennium Development Goals. In the Americas, for example, PAHO has worked with the Economic Commission for Latin America and the Caribbean on the preparation of an ethnic-related atlas in 12 countries and on pilot projects designed to incorporate the ethnic variable in health-care systems.[30] In Peru, an intervention by UNICEF has demonstrated that intercultural approaches to obstetric care have increased the coverage of institutional obstetric services, reduced maternal and perinatal mortality and led to a more sustainable relationship between the service provider and the user.[31] Similar interventions have been undertaken in the Bolivarian Republic of Venezuela, Ecuador and Guatemala. In addition, UNFPA has been implementing intercultural reproductive health programmes for indigenous women in Ecuador, Guatemala, Mexico, Panama and the Plurinational State of Bolivia, identifying the main elements of intercultural maternal health.

51. Various countries have adopted modalities and strategies by which to organize their intercultural health systems, delivering Western and indigenous health services through the same health assistance centre. However, the lack of vital statistics or data disaggregated by ethnic group, gender and age has made the generation of policies and managerial processes more difficult. This, in turn, has jeopardized the formulation of priorities and appropriate monitoring and evaluation systems for indigenous peoples.[32] UNICEF, for example, in addressing issues involving vulnerable and excluded children, continues to be confronted with the limited scope of data on indigenous children derived from population censuses, Demographic and Health Surveys and Multiple Indicator Cluster Surveys.[33]

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[28] United Nations, *State of the World's Indigenous Peoples*, 2009.

[29] E/C.19/2012/11, para. 33.

[30] Ibid., para. 29.

[31] E/C.19/2011/7.

[32] See E/C.19/2012/11.

[33] Ibid., para. 38.

52. HIV/AIDS is one of the most urgent challenges faced by indigenous peoples. The United Nations publication *State of the World's Indigenous Peoples* (2010) reported that, although it was officially recognized that indigenous peoples, in particular indigenous women and girls, were highly susceptible to contracting HIV, there were few initiatives that addressed HIV/AIDS among indigenous peoples. Little data were available on how HIV affected indigenous peoples. In an effort to track HIV-related vulnerability among indigenous peoples, the Joint United Nations Programme on HIV/AIDS (UNAIDS) has developed a survey addressed to UNAIDS country coordinators containing questions regarding outreach to indigenous peoples.[34]

53. In considering Millennium Development Goal 7 on environmental sustainability, it must be noted, first of all, that indigenous peoples' relationship with the environment, including waters, lands and natural resources, underpins their social and economic well-being and is crucial to their culture, resilience and, ultimately, survival and identity, as enshrined in articles 25 to 32 of the United Nations Declaration on the Rights of Indigenous Peoples.

54. The Permanent Forum has made recommendations that Member States recognize indigenous peoples' rights to forests and forest conservation, including customary law on land and resource rights and the right to be fully involved in decision-making processes related to water, environmental management and sustainability. One of the major issues was that indigenous peoples faced competition from agricultural plantations, as well as from hydroelectric dams, mining operations and other commercial and economic entities.[23] More importantly, the participation of indigenous peoples in all aspects of the international dialogue on climate change was essential, as demonstrated by the active role played during the Conference on Sustainable Development, held in Rio de Janeiro, Brazil, in June 2012.[35]

55. Some States have taken steps to recognize the role of indigenous peoples in environmental sustainability. For example, Ecuador has recognized, as fundamental human rights in its Constitution, the right to natural resources and water. In Paraguay, a project entitled "Marking territory and expressing culture" aimed at safeguarding the territory and integrity of the Totobiegosode peoples, as well as protecting their patrimony, culture and biodiversity through the delimitation of their territory, has been established. The Government of the Plurinational State of Bolivia has promulgated a law which has incorporated the concepts of respect for and protection of the rights of Mother Earth, non-commercialization and interculturality, based on the principle of living in harmony with nature.

56. With reference to Millennium Development Goal 8 on the creation of a global partnership for development, the reviews undertaken by the secretariat of the Permanent Forum indicate that none of the reports on the Millennium Development Goals has mentioned indigenous peoples.

57. The United Nations Millennium Declaration did not make any specific reference to indigenous peoples. There is urgent need to redefine approaches to the

[34] See E/C.19/2011/9.

[35] More information on the activities carried out by groups members of the indigenous movement, including their submissions to the meeting, can be found at the website of the United Nations Conference on Sustainable Development.

implementation of the Goals so as to include the rights, perspectives, aspirations and priorities of indigenous peoples in the follow-up to global development processes. Indigenous peoples also need to provide their own definitions of poverty and development.

IV. Conclusion

58. Some progress has been made in recognizing the rights of indigenous peoples through constitutional and legislative reforms. The United Nations Declaration on the Rights of Indigenous Peoples has guided many processes of constitutional reform and the drafting of laws for the protection of indigenous peoples' rights. The Declaration has served as a reference in several rulings by national tribunals, regional courts and human rights systems.

59. There has also been some progress made in terms of the formulation of specific development policies at national level that incorporate indigenous peoples' holistic definition of development with culture and identity. There has been some recognition in the planning of programmes of indigenous peoples' definition of well-being that includes the concept of interculturality. At the same time, indigenous peoples have had to advocate at all levels to convince Member States and private corporations to implement the United Nations Declaration on the Rights of Indigenous Peoples.

60. Within the United Nations system, the formulation of the United Nations Development Group Guidelines on Indigenous Peoples' Issues has resulted in the initiation of programmes and projects specifically addressing indigenous peoples. However, efforts to provide adequate training to United Nations country teams, which have proven to be useful for raising awareness on the need to mainstream indigenous peoples' issues in the development agenda at country level, should be continued and, possibly, strengthened. There should also be an assessment of the effectiveness of implementation of the Guidelines at the country level.

61. The United Nations Declaration on the Rights of Indigenous Peoples has been increasingly used as a reference by United Nations treaty bodies and other monitoring mechanisms such as the universal periodic review. However, challenges have persisted, especially with regard to the recognition of indigenous land titles and indigenous peoples' rights to ownership, possession and use of their lands, territories and natural resources. It has become even more imperative that corporations interested in exploiting resources located within indigenous territories abide by the principles and norms of corporate social responsibility on matters affecting the lives and development opportunities of indigenous peoples.

62. From the analysis on the impact of the Second International Decade of the World's Indigenous People on the achievement of the Millennium Development Goals, several conclusions can be drawn:

(a) While many Member States, United Nations agencies and intergovernmental organizations have reported targeted initiatives for indigenous peoples, only a few have designed specific initiatives to promote the Second Decade. However, although not directed specifically towards achieving the goal and objectives of the Second Decade, these initiatives have been largely aligned with them;

(b) Since indigenous peoples constitute the most marginalized sectors of the population in the majority of countries, and usually rank lower on all indicators of human, economic and social development, it can be inferred that initiatives targeting vulnerable groups have had an impact on indigenous peoples. However, the particular situations of indigenous peoples, their world view, values and perspectives, deserve not only specific attention, but also programmes and projects tailored to their needs;

(c) Indigenous peoples have remained invisible in most national statistical and data collection processes. Disaggregation on the basis on ethnicity is urgent. The lack of data on the real status of indigenous peoples has impeded the development of initiatives that address their needs efficiently.

63. Lack of knowledge, capacity and operationalization of policies has been noted at national and international levels. Effective implementation of such measures, in both legislative and political spheres, remains crucial.

V. Recommendations

64. In view of the challenges identified at the national and international levels, the following areas demand attention and urgent action before the end of the Second International Decade of the World's Indigenous People:

(a) **Strengthening the partnerships between Member States and the United Nations system for the full and effective implementation of the United Nations Declaration on the Rights of Indigenous Peoples at the country level, including the implementation of the recommendations of the three United Nations mechanisms working on indigenous peoples' issues (United Nations Permanent Forum on Indigenous Issues; Expert Mechanism on the Rights of Indigenous Peoples; and Special Rapporteur on the rights of indigenous peoples);**

(b) **Ensuring that indigenous peoples are included in the post-2015 processes regarding sustainable development goals;**

(c) **Requesting Member States to improve the collection and disaggregation of data regarding indigenous peoples;**

(d) **Requesting Member States to ensure that public policies, legislation, programmes and projects are designed in consultation with indigenous peoples and take into consideration their development needs and priorities;**

(e) **Requesting Member States and the United Nations system to operationalize the principle of free, prior and informed consent.**

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International challenges for sustainable development: global policy coherence and the role of the United Nations

Report of the Secretary-General

Summary

The present report is prepared pursuant to General Assembly resolution 65/167, entitled "Towards a New International Economic Order". It reviews recent trends in the areas of trade, financial flows and international migration to illustrate the growing interdependence in the world economy. In the report it is argued that persistent imbalances in the areas of international trade, technology transfer and international finance require urgent policy attention if the goal of equitable and inclusive economic growth and sustainable development is to be achieved in the coming decades. The lack of agreement to close the Doha Round of negotiations remains the largest gap in improving international market access to developing countries. Improved facilitation of technology transfer is needed to provide developing countries affordable access to new technologies to support sustainable strategies. The recent financial and economic crises have emphasized the need for public oversight of the financial system and greater cooperation in strengthening the global financial safety nets to provide adequate international liquidity to cope with shocks. Deficits in accountability and representation in several of the institutions of global economic governance will need to be addressed in order to strengthen the legitimacy and effectiveness of global governance. The United Nations, as the principal platform for Governments to discuss and solve global social and environmental problems, has a fundamental role to play in global economic governance. The United Nations system should be strengthened in order to more effectively exercise this role.

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I. Introduction

1. The Declaration on the Establishment of a New International Economic Order, adopted by the General Assembly at its sixth special session, held in 1974 (resolution 3201 (S-VI)), was a call for shared and differentiated responsibility for equitable development for all. In it, Member States called for an economic order "which shall correct inequalities and redress existing injustices, [and] make it possible to eliminate the widening gap between the developed and the developing countries and ensure steadily accelerating economic and social development and peace and justice for present and future generations". The Programme of Action on the Establishment of a New International Economic Order (resolution 3202 (S-VI)) called for the sovereign equality of States, while granting preferential and non-reciprocal treatment for developing countries, and adopting special measures for the least developed countries, whenever possible.

2. The global economy has changed dramatically since the adoption of the Declaration in 1974. It has become much more integrated, while markets have been deregulated. Emerging economies have grown rapidly, shifting the global balance of economic power. While these economies have experienced "convergence" towards the living standards of developed countries, many other countries have fallen further behind. The latter is one symptom of still-widening global inequalities. Increased human activity has put increasing pressure on the Earth's natural environment. Climate change is threatening material progress in all nations, but in particular that of many developing countries vulnerable to variable weather conditions, rising seawater levels and other environmental threats. Global demographic trends — including migration, urbanization and population ageing — are posing additional challenges, with international ramifications.

3. Deeper economic integration is visible in ever-increasing trade flows of goods and services, cross-border investments and capital flows, and greater labour mobility. These developments have been fuelled by trade and capital-account liberalization, technological progress (including in transport and communications) and changing production patterns through global value changes. Technological change and growing trade have provided added economic growth opportunities for developing countries, and some countries, such as China and the new industrial countries of East Asia, took advantage of these opportunities as they integrated into the global economy.

4. The rapid growth of their economies has also contributed to a decline in global poverty. The proportion of people living on less than $1.25 a day fell from 47 per cent in 1990 to 24 per cent globally in 2008 — a reduction from over 2 billion people to less than 1.4 billion. In China, the poverty rate fell from 60 per cent to 13 per cent in this period.[1] However, progress on that front has been uneven. Poverty remains widespread in sub-Saharan Africa and Southern Asia, and as these regions have fallen further behind, global inequality has increased. Some 200 million people globally are unemployed, and a further 900 million workers live with their

[1] See *Millennium Development Goals Report 2012* (United Nations publication, Sales No. E.12.I.4).

families below the $2 a day poverty line.[2] Redressing this trend in global economic divergence so as to prevent its becoming a source of new tension and insecurity will be a major challenge in the decades ahead.

5. The increasing role of foreign direct investment (FDI) and global value chains in driving production, trade and technology development has reduced the policy space for national Governments. Existing multilateral trade rules have limited some of the national policy space for developing countries, in particular in the use of measures supporting the development of domestic industries and productive capacity, which in many contexts are critical for the promotion of economic diversification and the development of local entrepreneurial capacity.

6. Greater interdependence has also increased the vulnerability of developing countries to external shocks. The global financial crisis of 2008 and the resulting economic crisis in developed countries has had a negative impact on developing countries through reduced export opportunities and enhanced volatility in capital flows and commodity prices. Official development assistance (ODA), an important source of development finance to many low-income countries, has also been volatile from the perspective of recipient countries[3] and, most recently, fiscal retrenchment in many donor countries has led to cuts in ODA disbursements.[4] Global unemployment increased and millions more are either underemployed or in vulnerable employment. Similarly, the food and fuel crises of 2007 and 2008 demonstrated how problems originating in some parts of the globe have strongly and adversely affected developing countries in particular.

7. The greater vulnerability to economic shocks is mirrored by the increasing frequency and intensity of extreme weather events such as floods and draughts caused by climate change. Shifting weather patterns threaten traditional agricultural practices and food security, rising temperatures accelerate desertification, and rising sea levels increase the risk of catastrophic floods. There is evidence that additional planetary boundaries such as biodiversity loss and ocean acidification have been breached as well, leading to potentially catastrophic changes in ecosystems. Developing countries, and the poor in particular, are least able to cope with these changes and are thus most vulnerable to the risks emanating from climate change.

8. Demographic changes in the coming decades will strongly influence increasing global interdependence. By 2050, the global economy would need to be able to provide a decent living for more than 9 billion people, of which 85 per cent will be living in developing countries. Progress in human development worldwide has helped to drastically reduce mortality rates and allow people to live longer. As a result, the world population is ageing rapidly. By 2050, one in four persons living in developed countries, and one in seven in what are now developing countries, will be over 65 years of age. This will increase the pressure on the financial viability of pension and health systems.

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[2] International Labour Organization, *Global Employment Trends 2012: Preventing a deeper jobs crisis* (Geneva, 2012), available from http://www.ilo.org/global/research/global-reports/global-employment-trends/WCMS_171571/lang--en/index.htm.

[3] See, for example, *World Economic and Social Survey 2010: Retooling Global Development* (United Nations publication, Sales No. E.10.II.C.1), chap. III.

[4] In 2011, ODA decreased in real terms.

9. The presence of declining and ageing populations in developed regions and persistent inequalities between countries may result in much larger migration flows than occur today.[5] International migration is already a growing phenomenon, affecting almost all countries in the world. Estimates suggest that there were some 214 million migrants worldwide in 2010, representing 3 per cent of the total global population.[6] With most of the expected future population growth to happen in least developed countries, migratory pressure is likely to increase.

10. To address these challenges, while still realizing the benefits of globalization, a coherent global policy response will be necessary. Though the global economic environment has changed substantially since 1974, the Declaration and the Programme of Action on the Establishment of a New International Economic Order may still provide a meaningful framework for such a response.

11. The Declaration highlights persistent inequalities perpetuated by the international economic order that had prevented the balanced development of the international community, as well as the vulnerability of developing countries to external shocks in an increasingly interdependent world. The Programme of Action recommended specific measures to address these challenges, including the stabilization of commodity prices by setting up international commodity buffers, improved market access and the implementation of a generalized system of preferences for developing country exports, stabilization of the international monetary system, and a better representation of developing countries in global governance institutions.

12. Many aspects of the Programme of Action were, however, never implemented. Almost four decades after the adoption of the Declaration and the Programme of Action, many developing countries still rely on raw material exports and are vulnerable to increasing volatility in raw material prices. Financial liberalization has led to increased risks, as well as a net outflow of capital from developing countries. Financial crises have become increasingly frequent and widespread in their impact. The resulting accumulation of foreign reserves in the developing world — to protect against financial shocks — has in turn contributed to global macroeconomic imbalances, while also preventing these resources from being used for productive investments. The representation of developing countries in global governance, while improved for some middle-income countries, has not improved for the majority of developing countries.

13. The global financial crisis and the ensuing global recession have led to renewed calls for rethinking global economic governance. The additional threat posed by climate change and demographic challenges, and the huge financing needs for climate change adaptation and mitigation only lend greater urgency to these calls.

14. The present report will lay out some possible directions for establishing a global economic order that effectively and coherently manages global interdependence, contributes to overcoming asymmetries in global economic

[5] *World Economic and Social Survey 2010: Retooling Global Development* (United Nations publication, Sales No. E.10.II.C.1), chap. I.

[6] United Nations, Department of Economic and Social Affairs, Population Division, "Trends in international migrant stock: migrants by age and sex", United Nations database, POP/DB/MIG/Stock/Rev.2010 (available from esa.un.org/MigAge/).

relations and creates the preconditions for sustainable development. In section II, various vehicles of uneven globalization and the challenges they pose for sustained, equitable and inclusive growth are discussed. In section III, reforms to global governance in the areas of trade, technology and finance to address the challenges and overcome uneven globalization are discussed. In sections IV and V, gaps and shortcomings are identified, and options are laid out for a coherent global governance regime and the role of the United Nations in such a regime to achieve sustained, equitable and inclusive growth. The conclusions are set out in section VI.

II. Vehicles of unbalanced globalization and challenges for sustained, equitable and inclusive growth

15. Three important vehicles of unbalanced globalization are international trade, technology transfer and the development of new technologies, and international finance. Global governance in these areas has not kept pace with globalization, with the result that their expansion has not always benefited developing countries.

International trade

16. Global trade has expanded dramatically in recent decades. World exports have increased fivefold since 1980, and developing countries have played an important role in the overall expansion. This expansion was caused by a progressive reduction in barriers to trade and by changing global production patterns. A significant portion of the measured rise in trade volumes is accounted for by increasing trade in intermediate goods, in line with the worldwide trend towards delivering goods and services through global value chains.[7] Transnational corporations and global value or supply chains increasingly dominate global production, and these companies play a major and growing role in the world economy.

17. Another factor behind the observed expansion of world trade has been the increase in international outsourcing and offshoring of services, facilitated by radical innovations in communications technology. In summary, trade patterns have moved from country specialization in terms of goods — with manufacturing concentrated in the North and production of primary commodities in the South — to intra-firm and network specialization in terms of tasks, with the South gaining considerable advantage in the production of manufactures.

18. Trade liberalization has facilitated this process. It was promoted as part of market-oriented reforms in developing countries in the 1980s and 1990s. Developing countries participated actively in the Uruguay Round and the creation of the World Trade Organization. They accepted important concessions, opening their markets and accepting a wide range of concrete obligations, requiring changes to domestic laws that conflicted with membership obligations, which have made the multilateral trading system more restrictive.

19. The multilateral framework still allows certain types of subsidies and flexibility in imposing tariffs to support domestic producers. However, the rise of bilateral and regional trade agreements has had the effect of restricting some of

[7] World Trade Organization, *International Trade Statistics 2009* (Geneva, 2009).

these flexibilities, further eroding the policy space available to developing countries. Since the early 1990s and in the light of the slow progress of the Doha Round negotiations, developed countries have pursued bilateral and regional trade agreements with developing countries. In many cases, these agreements impose binding obligations on the contracting parties with regard to investment liberalization and protection, as well as competition policy and government procurement, thus further curbing or prohibiting government policies that encourage local firms or the domestic economy.[8]

20. Likely driven in part by the pattern of trade liberalization and unsuccessful national policy efforts, many developing countries have not managed to overcome their heavy reliance on primary exports and reduce vulnerability to global market volatility. During the 2000s, the share of primary commodities and natural resource-based manufactures in total exports even increased in South America and sub-Saharan Africa compared with the previous decade.[9]

21. Despite recent increases in commodity prices, there has been a decline in the terms of trade of tropical agricultural products, and generic manufactures have been experiencing worsening terms of trade as well. This underscores the importance of achieving structural transformation towards more diversified export and production structures.

22. Countries that benefited the most from trade — notably China and the newly industrializing countries in East Asia — systematically followed a pragmatic approach that combined a gradual exposure to external markets with an effective collaboration between the private and the public sector towards building dynamic long-term competitiveness. Yet, many of the strategies which these countries utilized successfully to ensure that support was given to those enterprises that were able to compete in international markets would no longer be allowed under existing trade rules.

23. In summary, resolving the conflict between economic development and the principle of non-discrimination in the trading system has been difficult. The Doha Round was to place the needs and interests of developing countries at the heart of the agenda, but negotiations have stalled because of disagreements about how to apply in practice the principle of common-but-differentiated rules-setting. Existing multilateral trading rules constitute hurdles to technology transfers, rendering the development of industries using green technologies more expensive.

Technology transfer

24. Technology is a critical input to development. Economic growth is driven to an important extent by technological innovations. The social and economic transformation that allowed for the advanced standard of living in developed countries today was made possible by technological change.

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[8] Kenneth Shadlen, "Policy space for development in the WTO and beyond: the case of intellectual property rights", Global Development and Environment Institute Working Paper, No. 05-06 (Medford, Massachusetts: Tufts University, 2005).

[9] *World Economic and Social Survey 2010: Retooling Global Development* (United Nations publication, Sales No. E.10.II.C.1), chap. IV.

25. Globalization has led to the rapid spread of information and communications technologies around the world. However, the digital divide between developed and developing countries remains vast. At the same time, the challenges of climate change and disaster risk management require significantly accelerated technological progress and enhanced technology transfer to make technology available to people in developing countries at an affordable cost.[10]

26. In developing countries, innovation is not a matter of pushing back the frontier of global knowledge. Rather, innovation consists of facilitating the use of existing knowledge and new technology in a domestic context. Research and development activities thus consist of the creation of knowledge, but also, and perhaps more importantly, of acquisition, adaptation, dissemination and use in local settings.[11]

27. The World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights introduced intellectual property rules into the multilateral trading system for the first time. Since then, strengthened intellectual property rights have raised the costs of acquiring technology, reduced technology transfers, and therefore negatively impacted developing countries. The Agreement includes so-called flexibilities, which allow developing countries to use norms compatible with the Agreement in a way that enables them to take measures to promote economic development or pursue their own public policies in specific fields, such as access to essential medicines. However, the use of the flexibilities by developing countries is still limited. Furthermore, developed countries have recently been including even more stringent requirements under the Agreement in bilateral and regional trade agreements.

28. Putting global development on a sustainable path will require greening economic growth and poverty eradication. The attainment of technological progress will be essential in this respect. This new technological revolution has to overcome the dependence on fossil fuels and non-biodegradables, and will require global cooperation. Currently, the majority of new green technologies are owned by developed countries. Significant reforms are needed to facilitate the ability of developing countries to incorporate green technological development into their own national development strategies.

International finance

29. Financial liberalization and deregulation have been increasingly promoted throughout the world. Financial liberalization was supposed to improve the allocation of scarce resources and thus promote investment and growth. However, there is no unambiguous evidence of faster economic growth in countries that have pursued financial liberalization. Instead, financial liberalization has been associated with greater macroeconomic instability and rising inequalities.[12]

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[10] *MDG Gap Task Force Report 2012: The Global Partnership for Development — Making Rhetoric a Reality* (United Nations publication, Sales No. E.12.I.5).

[11] Carl Dahlmann, "Technology, globalization, and international competitiveness: challenges for developing countries", in David O'Connor and Monica Kjöllerström, eds., *Industrial Development for the 21st Century: Sustainable Development Perspectives* (New York: United Nations, 2007).

[12] Joseph E. Stiglitz and others, *Stability with Growth: Macroeconomics, Liberalization and Development* (New York: Oxford University Press, 2006).

30. Managing the macroeconomic volatility induced by financial market liberalization is a major challenge for policymakers in emerging markets and developing countries. Waves of short-term capital inflows, which tend to be highly speculative in nature and are often in excess of an economy's absorptive capacity, complicate macroeconomic management and carry risks for financial and economic stability. They may lead to exchange-rate overshooting, inflation, and credit and asset price bubbles. More importantly, there is a risk of sudden stops and withdrawals of international capital, owing to a rise in global risk aversion, which contribute to spreading financial crises. Such conditions provide great uncertainty to investors and undermine long-term growth and development efforts.

31. FDI in developing countries has tended to be more stable than other types of private capital flows. However, FDI remains concentrated in a few regions and countries. Approximately 70 per cent of FDI is in East and South Asia (primarily in China and India) and Latin America and the Caribbean (with approximately half invested in Brazil). Furthermore, in regions with greater proportions of FDI, there is growing evidence that such investment has become more "financialized" — meaning that there is less investment in "green-field" direct investment, which creates new economic capacity, and more investment in financial companies or in intra-company debt.[13] Similarly, privatizations and mergers and acquisitions are categorized as FDI, though they often represent an ownership transfer rather than new investment.

32. Policymakers in many developing countries have responded to rising global risks by accumulating enormous international reserves as a form of "self-insurance". In 2011, countries with emerging economies and other developing countries are estimated to have accumulated an additional $1.1 trillion in foreign-exchange reserves, bringing total reserves to about $7 trillion.[14] However, such reserve accumulation has had the effect of exacerbating global imbalances. Furthermore, the strategy of building up international reserves is costly for developing countries, particularly in terms of the opportunity cost of forgone domestic investment. A large share of international reserves is invested in low-yielding United States Treasury securities, implying a net transfer of resources from poorer countries to wealthier ones.

33. Given the volatility associated with international flows, domestic resource mobilization, including household savings, is generally perceived to be a superior form of financing, with domestic tax revenues being the most important form of public financing. Other sources, including remittances, and the work of private philanthropic organizations have also gained importance in recent years.

34. Nonetheless, official development assistance (ODA) and other forms of international public financing remain crucial, not only for making up the gaps in domestic financing, but also for addressing global challenges, such as climate change. The ongoing sovereign debt crisis in Europe and the uneven global recovery have affected ODA and other forms of official flows, which have been impacted by

[13] United Nations Conference on Trade and Development, *World Investment Report 2011: Non-Equity Modes of International Production and Development* (United Nations publication, Sales No. E.11.II.D.2).

[14] *World Economic Situation and Prospects 2012* (United Nations publication, Sales No. E.12.II.C.2), chap. I.

greater fiscal austerity. Aid flows declined in real terms in 2011 for the first time in many years.

35. Volatility induced by financial market liberalization has led to frequent financial crises, heightened unemployment, and inequality in both developed and developing countries,[10] whereas managing such volatility has become increasingly difficult. At the same time, there is a need for additional and predictable public financing for development and other global challenges, such as climate change adaptation and mitigation. Reforms of the international financial system should focus on reducing risk and volatility of both private and official flows, while maintaining policy space for developing countries and ensuring adequate financing for development.

III. Reforming global economic governance for inclusive and sustainable development

36. In order to repair the key deficiencies in existing governance arrangements in the areas of trade, technology and international finance, major reforms would be needed in order to establish global economic governance mechanisms that are better suited to manage global interdependence and eliminate the asymmetries embedded in existing mechanisms. The reforms to be considered not only refer to the specific areas of governance of international trade, technology transfer and finance, but importantly also reforms need to seek greater coherence across those areas, as well as with other international frameworks, such as multilateral environmental agreements, and fill gaps in areas where multilateral frameworks are presently absent, such as in the area of international migration.

Reforming the international trade regime

37. In recent decades, the approach to trade liberalization has followed a pattern of advancing countries' common responsibilities, while paying insufficient attention to the differentiated responsibilities of economies with more limited capabilities for gainfully integrating in the global trading system. Given the differences in national development, developing countries have thus far not been able to achieve their aspirations to secure development policy space within a multilateral trading system that upholds non-discrimination as a core principle.

38. The current round of trade negotiations at WTO, the so-called Doha Round, is meant to be one of the main vehicles for advancing progress towards a fairer multilateral trading system that delivers more benefits to developing countries. However, major differences in opinion between developed and developing countries and, more specifically, disagreement on what constitutes a fair distribution of rights and obligations within the global trading system have led to an impasse in negotiations.[10]

39. As a result, the effective implementation of a development agenda, which provides a special and differentiated space to developing countries, has yet to occur. Policy coherence between trade policies and development policies, and trade policies and the climate agenda has to be achieved.

40. In order to achieve their development goals, developing countries will have to industrialize, and industrial policies will therefore be an important part of their development policies. Infant industry protection, export subsidies, direct credit schemes and local content rules have all been key ingredients of successful development in East Asia. While some of these policies are still feasible, the multilateral trading system has become more restrictive. For example, subsidies conditional on export performance are prohibited, preventing an incentive policy directly related to international competitiveness. One important reform will be to treat developing countries in a differentiated way to allow the use of subsidies and other mechanisms in support of export industries.

41. The changing patterns of trade and production described above further limited space for industrialization strategies. In order to overcome the fundamentally unequal relationship between large international firms and small producers, developing countries need to cooperate to deal with anti-competitive conduct, improve tax coordination and control transfer pricing more effectively. Rather than competing among countries through tax incentives and decreases in regulatory requirements, countries are better served by establishing mechanisms of cooperation and information exchange. Providing oversight over global value chains and transnational corporations would fill a critical gap in international governance.[15]

42. Trade policies and the multilateral trade regime have to be consistent with climate policies. Trade is an important aspect of the climate agenda because environmental technologies and know-how are generated primarily in developed countries and transferred through embodied technologies in imported goods and services, FDI or licensing. There is also a risk that climate objectives would be translated into protectionism. Instead of trade-related environmental measures, technology transfer should be a priority. Existing flexibilities in the Agreement on Trade-Related Aspects of Intellectual Property Rights might be insufficient, and the exclusion of critical sectors from patenting or the establishment of a global technology pool for climate change merit serious consideration.

Reforming the international technology regime

43. There is a need for a more development-friendly international technological regime. Most importantly, a publicly led, global technology-sharing regime and networks of international technology research centres would be critical steps towards sharing the technology necessary to combat climate change.

44. Since 1992, pursuant to the adoption of Agenda 21, one of the outcomes of the United Nations Conference on Environment and Development held in Rio de Janeiro, Brazil, proposals to reorient the global technological regime towards diffusion shaped by public goals have been justified on the grounds of poverty eradication and environmental sustainability. The Technology Mechanism was established by the Conference of the Parties to the United Nations Framework Convention on Climate Change at its sixteenth session, held in Cancun, Mexico, to enhance international technology cooperation on climate change. In the outcome document of the 2012 United Nations Conference on Sustainable Development

[15] *World Economic and Social Survey 2010: Retooling Global Development* (United Nations publication, Sales No. E.10.II.C.1).

(Rio+20), world leaders requested United Nations system agencies to examine options for a technology facilitation mechanism that would contribute to bridging the technology gaps between developed and developing countries, with a particular focus on environmentally sound technologies (see General Assembly resolution 66/288, annex, para. 273). To deliver on this commitment, an international regime for technology sharing will have to be established, and, as indicated, the intellectual property rights regime (Agreement on Trade-Related Aspects of Intellectual Property Rights) will have to be oriented towards stimulating innovation of green technologies. Technology transfer will have to be complemented by measures in the multilateral trade system and by providing sufficient financing for climate change adaptation and mitigation.

45. There are limited precedents for publicly guided international mechanisms of technological diffusion, but the international public policymaking capability can draw upon existing international scientific networks such as the Intergovernmental Panel on Climate Change. The Consultative Group on International Agricultural Research provides a successful example of rapidly diffusing new agricultural technologies through a publicly supported global and regional network of research institutions. The 1987 Montreal Protocol on Substances that Deplete the Ozone Layer[16] successfully provided a global framework for sovereign States to move away from polluting technologies. Critically, it contained special support for developing countries in adapting new technologies, including the creation of a financing pool funded by developed countries, but governed jointly by contributing and beneficiary countries.[17]

Reforming the international finance regime

46. In order to address the greater macroeconomic instability and rising inequalities associated with financial liberalization, policy changes at the national and global levels will be necessary. Capital account regulations and the countercyclical, macroprudential risk management of domestic financial sectors will have to be complemented by reforms of the international financial architecture. Lastly, international public finance will continue to play an important role in addressing global challenges.

47. Policymakers in many developing and emerging market countries have begun to look to capital account regulations to help in managing volatile capital inflows and increasing domestic policy space. Capital account management has recently gained greater acceptance as a prudent policy measure. The International Monetary Fund (IMF), which recommended against the use of capital controls in the 1990s, has since acknowledged that capital flow management can help to reduce the volatility associated with international flows under certain conditions.[18] Capital account regulations should be an essential part of a broader countercyclical, macroprudential risk management of the domestic financial sector that should not be viewed any differently than regulation of domestic risks. Such regulations — which

[16] United Nations, *Treaty Series*, vol. 1522, No. 26369.

[17] *World Economic and Social Survey 2011: The Great Green Technological Transformation* (United Nations publication, Sales No. E.11.II.C.1), chap. VI.

[18] Jonathan D. Ostry and others, "Capital inflows: the role of controls", IMF Staff Position Note, No. 10/04 (Washington, D.C.: International Monetary Fund, 2010).

include both price and quantity regulations on either inflows or outflows, including taxes, reserve requirements, minimum investment periods and quantitative limits on certain types of cross-border capital transactions — directly target capital flows, whereas macrotools focus on overall economic variables and the domestic regulatory framework.

48. The interconnectedness of excessive risk-taking in financial markets with the global imbalances, vast dollar-reserve accumulation, volatile commodity prices and declining productive investments explains why the 2008-2009 global financial crisis has been systemic and somewhat synchronized worldwide. Following the crisis, the international community has taken steps to strengthen the global financial system through regulatory reforms. However, these reforms do not adequately address risks in the international financial system, including their impact on developing countries.

49. The recent crises have emphasized the need for improved regulations and public oversight of the financial system. Yet much of the existing international financial architecture still relies on private organizations. Accounting standards are determined in the private International Accounting Standard Board, whose activities are mainly financed by large global accounting firms. The international coordination of equity market regulation is dependent on the deliberations of the International Organization of Securities Commissions. There is also a need to improve private oversight over credit ratings agencies. As discussed in the *World Economic and Social Survey 2010: Retooling Global Development*,[10] one solution could be to establish an independent international process overseeing international financial regulatory mechanisms.

50. As the European sovereign debt crisis makes clear, another missing element in the international financial architecture is a framework for sovereign debt restructuring. Such a framework is critical to developing a stable international financial system. The existing ad hoc and piecemeal approaches to both public sector and market-based sovereign debt restructuring have been inefficient and costly, especially for developing countries. Workouts often take place with undue lags that prolong distress and economic hardship; and the solutions, whether for official or private sector debt, often do not provide enough debt relief to give debtor countries a "fresh start" in returning to growth.[10]

51. The need for additional and more predictable public financing — in particular to finance the response to climate change — has led to a search for new and innovative sources of international public financing, complementing traditional aid. According to the *World Economic and Social Survey 2012: In Search of New Development Finance*,[19] approximately $400 billion per year could be raised through international taxes on financial and currency transactions, carbon emissions and the use of the IMF special drawing rights (SDRs). Each of these options is technically feasible and economically sensible, but realizing the potential of these mechanisms will require international agreement and the corresponding political will, both to tap sources as well as to ensure the allocation of revenues for development. The design of appropriate governance and allocation mechanisms is crucial for innovative financing to ultimately meet development needs and contribute to financing the post-2015 development agenda.

[19] United Nations publication, Sales No. 12.II.C.1.

52. One such innovative mechanism — increased allocations of SDRs — was used during the recent financial crisis as an important tool to fund IMF emergency financing. While such cooperative efforts during the crisis have strengthened the global financial safety net, important issues remain regarding the sufficiency and composition of international liquidity support.

53. Sustained SDR allocations could provide a low-cost alternative to the accumulation of international reserves, and thus reduce the need for precautionary reserve accumulation.[20] This, however, would require an accelerated quota reform of IMF to give emerging market and other developing economies greater voice.[21]

54. The global financial safety net can also be strengthened through closer cooperation with regional and subregional mechanisms, such as the Arab Monetary Fund, the Chiang-Mai Initiative, the financial stabilization facilities of the euro-area countries, and the Latin American Reserve Fund. Most of these mechanisms have provided crisis liquidity during the recent economic and financial crisis, partly in conjunction with IMF programmes

IV. Implications for institutions of global governance

55. The world has changed enormously since the current system of global governance was put together with the founding of the United Nations and the creation of the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade. While the governance system has not stood still, adjustments have not kept pace with increasing interdependence among national economies through trade, finance, the environment and international migration. In the Monterrey Consensus of the International Conference on Financing for Development,[22] world leaders called for the modernization of the governance structures of global institutions to be more consonant with the fundamentally changed structure of the global economy, which reflects the much greater weight of developing countries.

56. The earlier part of the present report laid out gaps in the international architecture in these areas. In addition, there are significant inadequacies in the global coordination of economic decision-making, including conflicting agendas and rules. Global governance in economic and social areas features a highly decentralized system made up of many intergovernmental organizations with varied compositions, structures and purposes. Individual agencies take critical decisions within their areas of expertise in line with their own governance rules. Although there are benefits to such specialization, the proliferation of the agendas of existing institutions is a key source of system incoherence. In order to eliminate costly

[20] SDR allocations are also a potential source of development finance since the "seigniorage" related to additional demand for global currencies accrues to IMF Member States. See the *World Economic and Social Survey 2012: In Search of New Development Finance* for a discussion of the use of SDRs for development finance.

[21] Additional systemic reforms to the international reserve system are needed, as discussed in the *World Economic and Social Survey 2010: Retooling Global Development* (United Nations publication, Sales No. E.10.II.C.1).

[22] *Report of the International Conference on Financing for Development, Monterrey, Mexico, 18-22 March 2002* (United Nations publication, Sales No. E.02.II.A.7), chap. I, resolution 1, annex.

duplication and conflicting policy agendas, there is a need to define more precisely the roles of existing institutions, and for these institutions to refocus their existing activities on core competencies — a process that has already begun, but that needs to be accelerated.

57. The World Trade Organization was the first international enforcement system on economic matters. It has a dispute mechanism that sanctions violations of international disciplines through trade measures. Negotiations over trade-related issues have extended the WTO agenda to overlap with other agencies, especially in relation to financial flows. Most trade-related issues that have occupied the dispute settlement mechanisms at WTO, such as intellectual property rights, foreign direct investment and trade in services, are of relevance to developed countries. Issues that are relevant to developing countries have proved more difficult to resolve, as evidenced by the lack of progress to conclude the Doha Round of negotiations, launched with the intention to ensure a larger share of trade to poor developing countries. Similarly, the costs associated with the WTO dispute-settlement process leaves poor countries at a disadvantage. The adoption of a compensatory mechanism for dispute settlement would help to reduce current biases in the enforcement of the multilateral trade rules. Coherence in global governance will require revisiting the scope and implementation of the WTO disciplines.[23]

58. One of the largest gaps in the multilateral system is the absence of adequate mechanisms to regulate the movement of workers across countries, as well as the movement of persons displaced from their countries of origin for various reasons. The International Labour Organization has developed the Multilateral Framework on Labour Migration proceeding from a rights-based approach. While focused more on the rights of migrants, the Multilateral Framework also calls for international cooperation to facilitate both temporary and permanent migration. Until a more favourable situation emerges for permanent immigration, temporary labour flows should be managed in order to enhance global welfare and protect the human rights of workers. International migration entails difficult policy decisions with respect to providing migrants access to social services and social protection and management of the social adjustments required in both sending and receiving countries. Clearly, this is an area where there is need to put in place a more effective mechanism to regulate international migration.[23]

59. The weakness of the global environmental governance regime is another critical gap in global governance. In an effort to remedy this, in the Rio+20 outcome document (see General Assembly resolution 66/288, annex), world leaders have committed to strengthening the United Nations Environment Programme through universal membership and the provision of stable and increased financial resources. At the same time, they have sought to strengthen the broader institutional framework for sustainable development, including by establishing a universal intergovernmental high-level political forum that would absorb and enhance the work of the Commission on Sustainable Development. To give effect to this decision, they agreed to launch an intergovernmental process under the General Assembly to define the format and organizational aspects of the high-level forum. In order to address the critical financing gap, an intergovernmental process under the auspices of the General Assembly will be established, aimed at proposing options on

[23] *World Economic and Social Survey 2010: Retooling Global Development* (United Nations publication, Sales No. E.10.II.C.1), chap. IV.

an effective sustainable development financing strategy. Lastly, they requested relevant United Nations agencies to identify options for a facilitation mechanism that promotes the development, transfer and dissemination of clean and environmentally sound technologies. These processes should contribute to greater effectiveness in global environmental and sustainable development governance, but the added challenge is to ensure coherence with the multilateral regimes for trade, technology transfer and finance.

60. The accountability and representativeness at existing institutions of global governance needs reconsideration. Many existing agencies are part of the United Nations system; yet, accountability for their policies does not extend beyond their membership, which can differ from one agency to another. How countries are represented in these organizations varies widely, ranging from constituency-based systems, such as the executive boards of IMF and the World Bank, to simple one-country-one-vote arrangements, as in WTO and the United Nations General Assembly. In the case of IMF and the World Bank, developing countries are still underrepresented with respect to their present weight in the world economy. Recently proposed reforms (such as quota reforms in favour of developing countries of around 6 per cent in IMF and 4.6 per cent in the World Bank) are being pursued, but progress is slow and they do not offer ample weight to developing countries. For instance, the proposed shifts in voting power to developing and transition countries in the World Bank Group fall significantly short of the recommendation of the High-level Commission on Modernization of the World Bank Group Governance, which states that voting power in the World Bank should be evenly split between developed and developing countries.[24] Forthright voting reforms in the World Bank and the Fund are critical because their constituency-based systems, enhanced by a system of basic votes, provide a stake in the organizations for the smallest economies, and could be an important model for other international institutions. As a general rule, voting distributions should be appropriate to the purpose of the organization.

61. In addition to issues of representation, achieving greater inter-agency collaboration continues to be a challenge. The lack of coordination and cooperation have meant that decisions on growth, finance, trade, employment and other issues are not always consistent with one another. At present, there is no international agency dealing systematically with questions of coherence and consistency in multilateral rules-setting.

62. The emergence of the Group of Twenty (G20) as a self-anointed, self-selected grouping arranged to oversee economic recovery and reform has raised many questions about the role of these kinds of caucuses in global governance. Caucuses' limited memberships are often seen as necessary for the taking of timely decisions that can be enforced by economic players having the actual power to do so. This criterion of effectiveness in reaching enforceable decisions should indeed be one basis on which all groupings must be judged. In terms of this criterion, the G20 has succeeded on some fronts but not on others. One notable success is the increase in resources for IMF.

[24] World Bank, "Repowering the World Bank for the 21st century", Report of the High-level Commission on Modernization of World Bank Group Governance (October 2009), available from www.worldbank.org.

63. On other issues, there remain questions over the effectiveness of the G20. It has formulated general objectives for macroeconomic policy coordination without setting out the details for implementation. There is no guarantee that the technical designs on international financial regulation requested by the G20 from the Financial Stability Board and IMF will be accepted by all G20 members and by multilateral frameworks with broader country representation. Imperfect as they may be, only representative multilateral bodies have legitimacy. Yet, their enforcement capability has to be strengthened in order to make internationally concerted actions more effective and credible. Improving the effectiveness of official international bodies with enforcement capability should be a p ority shared by all countries.

64. To ensure that the activities of individual agencies and commissions are not in conflict and do not encroach in each other's purviews, there is also a need for a strengthened multilateral coordination mechanism. Such a coordination body could also address the cases of missing international institutions. There have been a variety of proposals regarding the creation of a body along the lines of the United Nations Security Council, the most recent focusing on a global economic coordination council.[25]

V. Role of the United Nations

65. The United Nations system is the principal forum for Governments to discuss and solve global social and environmental problems. It also has a fundamental role to play in global economic governance. At the Conference on the World Financial and Economic Crisis and Its Impact on Development, held in 2009, world leaders resolved to strengthen the role of the United Nations and its Member States in economic and financial affairs, including its coordinating role (see General Assembly resolution 63/303, annex, para. 16). In response, United Nations intergovernmental bodies have been devoting considerable attention to the subject of global economic governance. A major challenge in this discussion will be an agreement providing the United Nations the faculties needed to effectively exercise its role, including a possible global coordination role in economic, financial, social and environmental issues. The General Assembly, at its sixty-fifth session focused its general debate on reaffirming the central role of the United Nations in global governance.

66. At the recently held United Nations Conference on Sustainable Development, world leaders, along with thousands of participants from Governments, the private sector, non-governmental organizations and other groups, came together to shape how the global community can reduce poverty, advance social equity and ensure environmental protection. The outcome of the Conference, entitled "The future we want", acknowledged the vital importance of an inclusive, transparent, reformed, strengthened and effective multilateral system in order to better address the urgent global challenges of sustainable development today; recognized the universality and central role of the United Nations; and reaffirmed the commitment of Member States to promote and strengthen the effectiveness and efficiency of the United Nations system. In this regard, Member States decided to establish a universal

[25] See the recommendations of the Commission of Experts of the President of the General Assembly on reform of the international monetary and financial system (A/63/838), para. 24.

intergovernmental high-level political forum to follow up on the implementation of sustainable development.

67. Looking further ahead, the United Nations system has begun preparations to assist Member States in their deliberations on the contours of the United Nations development agenda post-2015. While the consensus is to keep a clear focus on human development, new challenges (or more pressing issues) will require coherent policy responses at the global, regional and national levels to ensure sustainable development in a way that is consistent with the Rio+20 agreement to initiate the identification of sustainable development goals. The increasing environmental footprint from human activities, rising inequalities, continuous threats to peace and security and rapidly changing demographics will require fundamental transformations in the production and consumption patterns in developed and developing countries. To this effect, improved multilateral coordination mechanisms will be essential in order to build a shared, secure and sustainable future for humanity. The global partnership for development needs to be strengthened with effective systems of accountability and greater clarity on the faculties entrusted in the United Nations bodies to effectively comply with its review and coordination functions.

68. The United Nations provides a forum for policy debate and review and for consensus building. In the 2005 World Summit Outcome, the General Assembly called for further strengthening the role of the Economic and Social Council in this regard (see General Assembly resolution 60/1). The adoption of General Assembly resolution 61/16 was a critical step in strengthening the Council. In that resolution, the Assembly established that the outcome of the high-level segment of the annual ministerial review should be a ministerial declaration to guide the development policy of the United Nations system.

69. The biennial Development Cooperation Forum of the Economic and Social Council has played a key role in assisting countries to adjust to the challenges of the evolving development landscape. As the impact of the global economic crisis continues to be felt, there has been an increased focus on development effectiveness and the contribution of development cooperation to reducing long-term aid dependency. Since its launch in 2007, the Development Cooperation Forum has evolved into a global forum of choice to discuss trends in international development cooperation.

70. There is a need for a strengthened multilateral coordination system to ensure that the activities of individual agencies and commissions are in sync. The reform of the United Nations system should help to facilitate the coordination mechanism to build consistency in specialized areas of work in a world that is increasingly interdependent. The Economic and Social Council is the United Nations organ charged with coordinating the economic and social and related work of the United Nations system. In a recent resolution, adopted on 26 July 2012, the Council requested the Secretary-General to present a report with proposals for strengthening the Council, including its working methods, so it can effectively fulfil its functions.[26] A bold decision to strengthen the Economic and Social Council system would be a step in building greater coherence in the global multilateral system to

[26] The report is being requested within the framework of the review of implementation of General Assembly resolution 61/16 on the strengthening of the Economic and Social Council, during the sixty-seventh session of the General Assembly (E/2012/L.32).

address the challenges posed by the complex global economies and societies of the twenty-first century.

VI. Conclusions

71. The global economy has changed dramatically since the call in 1974 for a New International Economic Order, but imbalances in the areas of international trade, technology transfer and international finance persist. To overcome them and to achieve a global economic order that contributes to balanced development and that manages global interdependence effectively, reforms are needed.

72. The multilateral trade regime has to treat developing countries in a differentiated way to allow the use of subsidies and other mechanisms in support of export industries. Also, it is urgent that it be made consistent with climate policies. Technology transfer is a priority, and existing flexibilities in the Agreement on Trade-Related Aspects of Intellectual Property Rights might be insufficient.

73. There is a more general need for a more development-friendly international technological regime. A publicly led global technology-sharing regime and networks of international technology research centres would be critical steps towards sharing the technology necessary to support development and combat climate change.

74. The international financial regime has to provide space for domestic policymakers to implement capital account regulations and countercyclical macroprudential risk management. Regulatory reforms are also needed at the international level to address global imbalances.

75. To implement this ambitious agenda and to address global challenges effectively, gaps in the institutional landscape of global governance have to be closed, in particular in the areas of environmental governance and international migration. Existing institutions need to become more accountable and representative, and their coordination and cooperation has to be improved.

76. Strengthening the role of the Economic and Social Council in coordinating the economic and social and related work of the United Nations system would help to increase consistency in specialized areas of work to address global challenges in an increasingly interdependent world.